Daily Report

Latin America

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FBIS-LAT-95-207 *26 October 1995*

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Cuba

PRC Envoy: Helms-Burton Bill Not To Affect Ties

PA2510163095 Havana Radio Rebelde Network in Spanish 1800 GMT 20 Oct 95

[Report by Barbara Suarez; from the "National Radio News" newscast]

[FBIS Translated Text] Xu Yicong, PRC ambassador to Cuba, visited Camaguey Province and gave reporter Barbara Suarez his comments on the Helms-Burton bill.

[Suarez] In the city of Camaguey, the PRC ambassador learned about the approval of the Helms-Burton bill by the U.S. Senate and gave his opinion in this regard.

[Begin Xu recording] Sometimes we see different things happen in every country. In a country like the United States, there are always individuals who do not like to see other peoples make progress. In addition, there are always individuals in that country who want to impose their will upon others. However, I believe other countries are raising a strong voice against this coercive action. On many occasions, China has expressed its sympathy with the Cuban people and its opposition to coercive measures taken by other nations against Cuba, a country which seeks and will continue to seek its own path as part of its own rights. I do not think that a decision made by a third country might affect Cuba's friendly relations with China. [end recording]

[Suarez] These statements were made by the Chinese ambassador to Cuba regarding the approval of the Helms-Burton bill by the Yankee Senate.

Further Reports on Fidel Castro's Visit to New York

Castro Meets PRC's Jiang Zemin

PA2510201495 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Oct 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro on Monday met with his Chinese counterpart, Jiang Zemin, at the United Nations' 50th anniversary celebration in New York.

The head of the Cuban Government stated that his country highly values its friendship with the Asian country, and he expressed his full support of the Chinese people's cause. Meanwhile, Jiang Zemin expressed pleasure in being able to talk again with the Cuban president. He further said the development of the world's situation has proved that Fidel Castro's opinions and ideas have been correct.

This evening, the Cuban head of state will attend a party hosted by members of the Puerto Rican community in New York City.

Meets U.S. Media Directors

PA2610004995 Havana PRENSA LATINA in Spanish 1947 GMT 25 Oct 95

[By Susana Ugarte: "President of Cuba Speaks With Directors of THE NEW YORK TIMES"]

[FBIS Translated Text] United Nations, 25 Oct (PL) — THE NEW YORK TIMES and other important publications today joined the list of U.S. media that have received Cuban President Fidel Castro in New York on occasion of the celebration of the 50th anniversary of the United Nations.

The Cuban chief of state spoke with the directors of THE NEW YORK TIMES, TIME, and BUSINESS WEEK.

The WALL STREET JOURNAL has published a report on the visit the Cuban president made to that daily the day before.

His message to Wall Street, the report says, is that Cuba is going to deepen the economic reforms the government instituted recently, without saying what the country's final plan will be.

This newspaper reported that in his answers, the Cuban president said free market does not mean great political freedoms. He said: "I do not believe free commerce and free men have always gone together. They are not tantamount."

Yesterday, Fidel Castro received at the Cuban Mission in the United Nations a representation of Pastors for Peace, a religious group that has supported the Caribbean country.

UN observers today commented on the impact produced by the Cuban leader's visit by affirming "he got the spotlight of the 50th anniversary commemoration."

Undoubtedly, they said, he was the statesman most sought after by the big U.S. media and the more than 2,000 special and permanent correspondents who followed the meeting.

THE NEW YORK TIMES reported on the meeting the Cuban leader held on 23 October with the Puerto Rican community in the Bronx, a meeting promoted by U.S. Congressman Jose Serrano and the National Council of Puerto Rican Businessmen at Jimmy's Bronx Cafe, the largest restaurant of that district.

At the meeting, Serrano responded to those who criticize his position of opposition to the "embargo-blockade"

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against the island. "They say this is a matter pertaining to the Cubans, although matters are decided in Washington." He added: "I am a member of Congress."

Speaking to the media, the federal representative insisted on defending the Puerto Rican community's right to speak on the Cuba issue and said depriving the community of this right would mean taking away a "constitutional right."

No one can decide for us with whom we can meet or deal, and we will not change our opinion, he said.

THE NEW YORK TIMES also reported on the conversation that took place yesterday during a lunch the Cuban president had with news executives at the residence of Mortimer Zuckerman, editor and owner of the DAILY NEWS and U.S. NEWS AND WORLD REPORT. According to the daily, the lunch was attended by journalists such as Peter Jennings, Mike Wallace, William Safire, and Barbara Walters.

According to the newspaper, the Cuban president said his main achievement has been "survival in the face of the world's greatest power." The president sees few possibilities of improved relations with the United States, the newspaper stated.

'Pleased' With Latin America, U.S. Visits

PA2510181995 Havana PRENSA LATINA in Spanish 0420 GMT 25 Oct 95

[By Susana Ugarte]

[FBIS Translated Text] New York, 24 Oct (PL) — I have more than enough reasons to feel pleased, Cuban President Fidel Castro said here today while emphasizing the expressions of friendship received in New York and his good relations with the statesmen gathered at the United Nations.

In exclusive statements to PRENSA LATINA [PL], Cuba's head of state, while attending the organization's 50th Anniversary celebration, said he had perceived the people's great sense of justice, friendship, and warmth — with the Puerto Rican community yesterday evening in the Bronx, with African-Americans on Monday in Harlem, and at the United Nations.

Fidel Castro also valued his contacts with businessmen, press and television organizations, and other social and professional groups with which he had met.

The warm welcome "encourages us," he said. "I have seen friends everywhere and I have seen no adversaries. I know they are there, they make noise and they mobilize, but all I have seen is warmth, friendship, and receptiveness," he commented when referring to some attempts by Cuban-American extreme right groups to antagonize his country's delegation.

Referring to Cuban-U.S. relations, the Cuban leader said they have registered "a slight progress." "The authorities here are very professional; they know what they are doing, they know their jobs, and, in general, they have been very pleasant about everything; coordination has been perfect and there have been no problems so far."

He also termed "very good" his contacts with heads of state and government who currently attend the UN celebration, and he used the same expression to describe various meetings held with U.S. businessmen and dignitaries at the council on foreign relations.

The council, known by the acronym CFR, is a well-known New York center for research and analysis on international politics.

In another part of his statements to PL, Fidel Castro synthesized with a phrase — "like a dream" — the tour which began in Uruguay, for an official visit, and included Bariloche, Argentina, site of the Fifth Ibero-American Summit, and Cartagena de Indias, Colombia, which hosted the Nonaligned Movement summit, and ended in New York.

The United Nations celebrates precisely today the 50th anniversary of its charter's implementation on 24 October 1945.

Group Reports Arrest of Independent Journalist

PA2510193695 Paris AFP in Spanish 1839 GMT 25 Oct 95

[FBIS Translated Text] New York, 25 Oct (AFP) — An independent Cuban journalist was arrested five days ago by Cuban security agents after having written an article on the Juragua Nuclear Plant, the Committee for the Protection of Journalists (CPP) reported on Wednesday.

Olance Nogueras Roce was arrested as he left the office of the Independent Press Bureau of Cuba (BPIC), an independent agency led by journalist Rolando Indamiro Restano, the CPP said in a communique.

The BPIC expressed its "concern" over the way in which Nogueras was treated. He was allegedly arrested on 20 October, transfered from Havana to Cienfuegos Province, and placed in a security forces center without informing anyone of his arrest. His family only knew of his whereabouts three days later, thanks to a friend who reported having seen him in Cienfuegos.

Upon inquiring about his situation, the family was informed on 24 October that Nogueras had been placed in Ariza Prison, a high-security prison which normally houses prisoners duly tried and sentenced.

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"His arrest is the most serious incident against independent journalists, members of three unofficial agencies who broadcast news and opinion articles to U.S. and European media sources," the BPIC stressed.

"In recent weeks Cuban authorities have arrested temporarily some journalists for questioning, but none of them were taken to a high-security prison," the communique added.

According to the CPP, Nogueras began to have problems with authorities after writing an article on the government project to conclude a nuclear plant, whose construction was paralyzed several years ago. At that time, the police warned him that he should find a job with a state entity or, otherwise, be tried for "dangerousness" [peligrosidad].

On 19 October, Nogueras was evicted from a news conference in the Foreign Ministry, which he tried to attend so his work with the BPIC was officially recognized, the committee concluded.

Haiti

Students Protest Education Plan of Ministry Officials

PA2510230095 Port-au-Prince Signal FM Radio in Creole 1130 GMT 25 May 95

[Report by Denis Victor from the "0730 Appointment Newscast"]

[FBIS Translated Excerpt] Students took to the streets in Cap-Haitien on 23 October. Several thousand students took to the streets where they demonstrated against the education plan set up by Education Ministry officials. The demonstrators had a (?confrontation) with the national and foreign policemen, at whom they hurled stones. Let us listen to the details by Denis Victor.

[Victor] Several thousand students from Philippe Guerrier and Jean-Baptiste Boukman High Schools, with the support of students from certain private high schools in Cap-Haitien, took to the streets around 1000 on 23 October to show their discontent to the relevant authorities.

Since the reopening of schools on 9 October up to now, these two public high schools have not yet opened in Cap-Haitien. The demonstrators shouted obscenities at the officials of the Education Ministry in Haiti for having ordered that each classroom in public high schools will have 50 students just as the directors of private schools raised tuition fees by 50 percent.

The demonstrators criticized President Aristide because he gave certain private schools a large amount of money during his visit on 27 and 28 July at a time when public high schools almost do not have enough seats for children to sit.

The demonstrators say there is only one baccalaureate exam in the country.

[Begin unidentified speaker recording] There are not two baccalaureate exams in the country; there is only one.

[Victor] Around 1130 in the morning, personnel of the foreign military used tear gas to disperse the crowd. The demonstrators were very angry and hurled stones and bottles at the foreign military members and national policemen so as to demonstrate their dissatisfaction.

There was much panic in the city. The doors of all schools were closed. The foreign military people shot in the air twice to disperse the crowd once again, but the demonstrators kept hurling bottles and stones at them. The demonstrators said they would keep fighting so the public high schools may work normally.

According to the information we have managed to verify, the police arrested 13 students wearing uniforms, four in plain clothes. Note that this demonstration was called for by the Association of Northern Students [Asosyasyon Elev No, AES], a union of Cap-Haitien students and the Popular Movement of Public High School Students. [passage omitted]

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Reportage on U.S. Defense Secretary Perry's Visit

Deputies Reject Binational Force Proposal

PA2610033495 Mexico City LA JORNADA in Spanish 25 Oct 95 p 17

[Report by Ismael Romero, Elena Gallegos, and Ricardo Aleman Aleman]

[FBIS Translated Text] In a private meeting with U.S. Defense Secretary William Perry, Defense Commission deputies rejected his proposal to create a binational force to fight drug trafficking.

Following the meeting Perry held with President Ernesto Zedillo, the areas of military cooperation between the two countries were defined: "in cases of disaster and drug trafficking, to guarantee maritime sovereignty, training, and an equipment modernization program."

During the meeting with legislators, General Luis Garfias Magana, president of the legislative branch, expressed disagreement with the proposal and said the PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] senators and deputies who attended the meeting expressed the same position.

He said the legislators reminded Perry that Mexico has a longstanding tradition of defending its sovereignty, and the U.S. official replied he was aware of that.

The private meeting took place at the residence of U.S. Ambassador James Jones. Attending were PRI members Garfias Magana and Ruben Calderon, PRD members Cuauhtemoc Sandoval, Leticia Calzada, and Ramon Sosamontes, and PAN members Alejandro Diaz Perez-Noriega and Luis H. Alvarez.

Perry indicated interest in talking to the group of legislators after a dinner party in the diplomatic residence in which the legislators had been invited. Garfias said this took place due to the importance U.S. officials give to congressmen in their country.

For slightly more than 40 minutes, the legislators posed various questions to Perry who said the common border with Mexico will not be militarized as long as Bill Clinton is president, and he is at the head of defense.

According to Deputy Garfias Magana, Perry said he was also aware that his country needs to reduce drug consumption and that police corruption also exists there.

The PRI legislator said the U.S. secretary of defense spoke about the help offered to the Mexican Army to fight drug trafficking and said it will not affect Mexican sovereignty.

In this regard, Garfias reminded that Mexico has maintained a position of not accepting donations and pays for the aid given in some way or other.

PAN Deputy Alejandro Diaz Perez-Noriega said Perry had said the U.S. Department of Defense does not like the idea of Army soldiers acting as border policemen.

Perry added, nevertheless, that members of the military have been sent to back the police at the request of the authorities and that this will continue.

During the talks, Perry said U.S. and Russian military groups have taken part in joint maneuvers to prepare in the event of a tidal wave in Hawaii. This, suggested Perry, could take place between Mexico and the United States, at the request of either of the two countries, in the event of an emergency.

Perry said in a brief exchange with journalists, particularly foreign journalists—he did not tell the Mexicans—after leaving Los Pinos that cooperation will take place "always respecting the sovereignty of the two countries."

The U.S. secretary of defense met with President Ernesto Zedillo at the Los Pinos official residence. In a breakfast that lasted 50 minutes, William Perry and the Mexican president spoke about the cooperation programs between the two countries.

After the meeting and minutes before the U.S. official returned to his country, he spoke briefly with reporters and right from the start said his visit to Mexico "had been a success."

He then explained with the Mexican president that an agreement will be established to buttress bilateral actions to fight drug trafficking. Perry said in this regard his government offered equipment the Office of the Attorney General of the Republic [PGR] could use.

He confirmed the 12 helicopters that will be leased to the PGR have been delivered and that aerial and maritime radars will be installed very soon to detect airplanes carrying drugs.

In addition to Ernesto Zedillo and William Perry, the meeting was attended by General Enrique Cervantes Aguirre, secretary of National Defense; Luis Tellez Kuenzler, chief of the Presidency Office; Juan Rebolledo, assistant Foreign Secretary for Bilateral Affairs; Juan Rebolledo Gout, head of the U.S. Army Southern Command [as published]; and James Jones, U.S. ambassador to Mexico.

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Columnist Views 'Real' Reasons for Visit

PA2510135795 Mexico City EL FINANCIERO in Spanish 24 Oct 95 p 52

[From the "Asymmetries" column by Fausto Fernandez Ponte: "William J. Perry; The Visit To Mexico"]

[FBIS Translated Text] *To Paloma Ruiz, with recognition of her professionalism as press official of the Federal Electoral Institute, which facilitates the dissemination of the complex tasks of that institution.*

As is known, U.S. Defense Secretary William J. Perry is on an official visit to Mexico and, as is consistent with our traditional hospitality, he has been given a courteous welcome.

According to the Mexican Foreign Secretariat,

1) The official reason for Mr. Perry's visit

2) is to reciprocate the visit to the United States in June

3) by our defense secretary.

Nevertheless, there are doubts about the true — the real — motives for this visit by the chief of the *Pentagon.*

Why? Because

4) the terms of the Mexican-U.S. bilateral relations

5) are undoubtedly unfavorable to Mexico's strategic interests and,

6) needless to say, to the Mexican people's historic interests,

7) as is seen in such realities as *our economy's dependence on the U.S. economy;*

8) the acquiescent and unquestioning acceptance by our financial authorities,

9) of the dictates of the Treasury Department of the government of President William Clinton and the IMF; and

10) *the persecution of Mexican immigrants* in the neighboring country,

11) as well as the asymmetric implementation of *NAFTA* by Washington; and

12) the lack of political will in Congress to deal with the problems.

What did the chief of the *Pentagon really* come for? That is to say, what are the *real reasons* for his visit? Did he *only* come, as it has been reported, to reciprocate Defense Secretary Cervantes' visit?

One would think that

13) Mr. Perry, one of the busiest men in the world,

14) with a very busy working agenda not only during weekdays but also on his days off,

15) could not afford the luxury of coming to Mexico for two days to fulfill a *social duty,*

16) to reciprocate a visit by Mr. Cervantes, a visit which was social.

In our view, the visit to Mexico by the chief of the *Pentagon* can be described by the sole nature of the institution that Mr. Perry represents.

The fact is that

17) as defense secretary, Mr. Perry represents, at least in an inferred and implicit manner, the vast vested interests

18) of the U.S. *industrial-military complex,*

19) which, as is known, are trying to involve the Mexican Armed Forces, particularly the Mexican Army,

20) *in a plan supposedly for inter-American security.*

Such a plan is, in reality, *the Trojan horse* of the vested interests of *qualitative expansionism,* which can also be described as the neocolonialism-neoimperialism equation, the basis for globalization, and which the United States is promoting for strategic purposes.

Those strategic objectives are the reproduction of favorable conditions to maintain and strengthen their vested interests.

Nevertheless, for those strategic ends, U.S. qualitative expansionism *has been unable to completely close the circle as far as Mexico is concerned.*

Beyond inferences, it can clearly be discerned that the United States holds virtual control over the strategic decisionmaking structure drawing up Mexico's financial and economic policies.

It has also been clearly established that the United States exerts enormous influence over certain crucial aspects of the current Mexican administration's foreign policy.

Moreover, it could be said without exaggerating that the United States and not Mexico seem to be the *strategic focus* of the Mexican Government's international policy.

Nevertheless,

21) the United States, in other words, the strategic interests, such as those of the industrial-military complex, *have been unable to close the circle*

22) that will permit them to exercise total control of the country

23) because *they do not have access to the tactical (operational) and strategic decisionmaking structures*

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24) of our Armed Forces.

This access has been historically closed to the United States, to such an extent that it might be said that it is perhaps the only armed institution in Latin America — with the exception of Cuba — that has not been directly penetrated by the *Pentagon*.

Mr. Perry came to try to open the door that will take him inside, *to close the circle*.

Article Views Reason for Visit

PA2610035895 Mexico City EL FINANCIERO in Spanish 25 Oct 95 p 30

[Article by Javier Ibarrola]

[FBIS Translated Text]

"Third Link"

Today as never before, the country needs the devotion and loyalty of all its children. General Enrique Cervantes Aguirre.

William Perry, a civilian in control of the world's most powerful army, yesterday ended the first official visit a U.S. secretary of defense has made to Mexico since 1948, the year in which that post was created in the neighboring country.

The visit was the result of the invitation extended by National Defense Secretary General Enrique Cervantes Aguirre during his June 1995 stay in Washington. He will probably visit Washington again in early 1996.

Because Perry himself was "surprised" at being the first U.S. secretary of defense to visit Mexico, the question is compulsory and necessary: Why did he come?

Judging by his official speech delivered on 23 October at the Number One Military Field, the United States is seeking to establish a "third link" with Mexico, because "there are already two strong foundations in our political and economic ties."

National security between the two countries is this third link. According to Perry, the growing drug trafficking activities are threatening this national security. To this end, the U.S. official said they are already working on five areas of cooperation: modernization of military equipment, equipment for the fight against drug trafficking, and devices to guard the air and navel spaces, in addition to exchanges in training cadres and programs to help civilians.

Perry, who is more a politician than a military man, foresees a future in which, at the beginning, "new generations of U.S. and Mexican military officers share their experiences, training, and objectives" in the fight against drug trafficking.

The Pentagon does not comprehend the fact that the Mexican Armed Forces do not participate more actively in its inter-American plans (please read multinational military forces) or the periodical meetings by the Latin American defense ministers. By the way, the Mexican military high command would do wrong if it sat alongside generals who have a known "coupist" tradition.

Sovereignty Above All

Mexico's attitude is based on constitutional order and on its foreign policies principles, but the U.S. Congress does not think so and is exerting major pressure to attempt to subordinate the Mexican Armed Forces to the orders of a U.S. antidrug "unified commando unit."

This "unified commando unit" would expand the theater of action of the Southern Command headquartered in Panama, the responsibilities of which exclude Mexico. This fact does not prevent the Southern Command, however, from offering security assistance in specific cases (EL FINANCIERO, 24 October 1995). Coincidentally, Southern Command Chief General Barry McCaffrey was among Perry's delegation.

Even though the Pentagon does not fully agree with this policy, the pressure conservative congressmen exert could be identified in the words Perry uttered during his stay in Mexico.

On the evening of 24 October at a reception Perry hosted at Ambassador Jones' residence, the former said that this rapprochement between the armies of the two countries "was necessary 10 years ago" and that now is the time to lift barriers and to build bridges.

These "bridges" have very weak foundations, however.

While Willian Perry was in Mexico inviting the Mexican Armed Forces to establish a "third link," Doris Meissner, an official of the Immigration and Naturalization Service, publicly announced in Washington that the policies regulating the use of the Army or military installations for the control of illegal immigrants along the border with Mexico "had not undergone any changes." Therefore, it is difficult to establish security links when the militarization of the Mexico-U.S. border is becoming more overwhelming with each passing day.

Thus, the Mexican military high command has conducted itself with outstanding foresight.

General Enrique Cervantes explained it quite clearly:

"No one is unaware that relations between neighbors must be handled with unique restraint, meticulousness,

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and good faith, but when these links pertain to matters of security and defense, we demand a higher degree of responsibility, efficiency, and caution, always preserving the fundamental objectives and interests of the nation.

"These relations should be expressed, of course, with absolute openness in its objectives, spirit, and content, without neglecting full respect for sovereignty, constitutional frameworks, or even the styles and sensibilities of our respective societies."

Nevertheless, William Perry persisted with his finger on the line up until the last minute of his visit. After his meeting with President Ernesto Zedillo he told the media the United States is willing to "help Mexico establish its air and maritime sovereignty."

And there is more. PRI Deputy and General Luis Garfias, president of the Chamber of Deputies Defense Commission, said that during a private meeting with Mexican legislators at the U.S. Embassy, William Perry proposed the intervention of his country's Army in the struggle against drug trafficking taking place in Mexico. Garfias said the legislators categorically rejected the proposal. Therefore, there are no links or bridges that can be built. It has always been a risk to sleep beside a tiger in sheepskin.

Illusory

Following the impressive Tuesday morning ceremony at Military Camp No. 1 that was attended by 200 high-ranking military chiefs and where 10,000 soldiers and cadets marched before Secretary of Defense William Perry, a reception was offered at the residence of U.S. Ambassador Jones during the evening hours. The diplomat made a brief and dressed up speech that he began in Spanish by saying "My house is your house. The previous ambassador spoke Spanish far worse than I do, because on a similar occasion he said 'My bed is your bed.'" Cervantes Aguirre and the other officer's accompanying him barely managed to smile. In addition, their expression became much more severe when Jones and Perry both disappeared through a side stairway immediately after their respective speeches and did not return to the reception.

SHCP Encourages Repatriation of Capital

PA2510131195 Mexico City LA JORNADA in Spanish 19 Oct 95 p 50

[FBIS Translated Excerpt] The financial markets were more stable yesterday while the Finance and Public Credit Secretariat (SHCP) reported that Mexican capital placed in a foreign country that is repatriated before 31 March 1996 will pay an income tax rate of 0.5 percent without any deductions applied to funds which may have been kept in the a foreign country before 30 September 1995.

The SHCP specified that the repatriations should occur in a spontaneous manner, that is, before the Finance Secretariat begins exercising its power of verifying compliance with the tax laws, and the repatriations should take place through operations between the country's financial institutions and the foreign country's financial institutions.

The SHCP said the purpose of this measure is to encourage the repatriation of capital "as a means to increase productive investments in the country and to strengthen the local currency." The corresponding tax payment should be made by purchasing stamps in credit institutions or brokerages.

Meanwhile, Banco de Oriente announced its breakup from the Margen Financial Group and said that its majority stockholder is now the Savings Protection Banking Fund (Fobaproa) since this trusteeship has subscribed and paid for the new stocks, which for 447.4 million new pesos make up the bank's increase in capital, which is currently in the government's hands.

At the stockholders assemblies, the former owners of the Banco de Oriente acknowledged the losses of the institution, which implied "the cancellation of its capital" and they approved an increase of the same covered with Fobaproa funds.

Yesterday, the National Finance Bank [Nafin] revealed that it auctioned off $227 million among eight banks in Mexico which, Nafin assured, would permit funneling a greater amount of funds to finance micro and small companies. [passage omitted]

Finance Secretary on Economic Program, Private Sector

PA2610033695 Mexico City EL FINANCIERO in Spanish 20 Oct 95 p 19

[Report by Renato Flores and Francisco J. Sanchez]

[FBIS Translated Text] Oaxaca, 19 October — Finance Secretary Guillermo Ortiz Martinez has said the federal government's policies will seek conditions of certainty and security that will promote the development of the country's private sector, which he has urged to strike "a major alliance" with President Ernesto Zedillo in order to encourage an economic recovery and to create jobs.

He has said the 1996 economic program will lay the foundations for a gradual recovery of the purchasing power of salaries and jobs with a GNP growth of at least 3 percent for next year.

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Opening the Southeastern Business Meeting, he said the country is in the midst of one of the most favorable phases of economic recovery, even though he has recognized that a large number of Mexicans has had to pay a high social cost to reach this point of the crisis. thus, he has assured the government of the republic has not ignored its historical commitment of being the guarantor of social balance and has made efforts to mitigate the cost of the crisis.

Ortiz has stressed that "the economic recovery that has already started" will depend, to a large extent, on the rate at which the domestic demand emulates the dynamics exports are experiencing. In this context, public spending, particularly public investments, will noticeably participate only as a complement to private activities, he has said.

In his speech to about 1,200 businessmen and to the governors of Oaxaca, Guerrero, Quintana Roo, Chiapas, Campeche, and Veracruz, Ortiz insisted the country's economic future will depend on the efficiency and productivity of the private sector.

Later on, he urged them to strike "a major alliance with President Zedillo" so as to help our economy recover and to help create the jobs Mexicans are demanding. He has insisted it is time to look into the future with a spirit of harmony to reduce distances and get resolutions together, adding that the crisis we are through has undoubtedly triggered discouragement and tension throughout society.

"We have an economy today based on more solid foundations, an economy that is actively participating in world trade. Productive activities are less regulated, and the state has changed its size and orientation in order to support private activities."

The government representative has said that once the most difficult times are overcome and following the December 1994 devaluation, the government of the republic faced immediate challenges to keep the country's solvency, to recover the stability of financial markets, and to adjust the current account's financial imbalances.

Secretary Ortiz would justify the economic recovery based on four objectives: promote domestic savings, particularly through private spending; stabilize the financial markets; alleviate the financial burden of families and businesses; and seek the strength of the banking sector and mitigate the crisis' negative effects on the least protected sectors.

He has also stressed the virtues of the Agreement for Immediate Support to Bank Debtors (ADE), which has restructured more than 50 percent of its planned goal so far.

Ortiz paid special attention, however, as he explained what he considered progress in stabilization matters, especially in the prompt payment of the country's financial obligations, which has allowed the gradual and better return to voluntary capital markets. This implies new financial opportunities for the private sector, opportunities of which certain companies have taken advantage.

Later on during the meeting, the governors of the five southeastern states agreed to affirm that the economic potential and geographic conditions allow investments mainly in the agricultural, port, forestry, tourist, and industrial sectors.

During the explanation on the investment opportunities by the Southeastern Business Meeting, which the governors of Yucatan, Tabasco, and Quintana Roo failed to attend, the governors of Oaxaca, Chiapas, Campeche, Veracruz, and Guerrero made general statements on the poverty existing in their states.

Chiapas Governor Julio Cesar Ruiz Ferro said that "even with the crisis that triggered the January 1994 events, Chiapas has not come to a halt," emphasizing that "in the Chiapas territory, the economic, social cultural, and political activities are being carried out in a normal fashion."

Meanwhile, Campeche Governor Jorge Salamon Azar admitted the weather conditions of the last few weeks, in addition to prompting considerable losses in the agricultural and cattle raising sectors, severely affected the state's roads. He said the rains caused problems in the supply of potable water for Ciudad del Carmen and that more than 1,000 people were evacuated to havens, but he stressed his state's investment potential.

Meanwhile, Veracruz Governor Patricio Chirinos Calero mentioned the process to privatize the ports and airports of Tuxpan, Veracruz, and Coatzacoalcos continue, adding that petrochemical production will become the main option to lure investments.

Commerce Secretary Announces New Economic Pact

PA2510152195 Mexico City XEW Television Network in Spanish 0400 GMT 25 Oct 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Herminio Blanco, secretary of commerce and industrial development, today said there will be a new economic pact. He stated that the productive sectors of Mexico are working to reactivate the economy and create jobs.

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Herminio Blanco inaugurated in Mexico City the first national meeting of suppliers.

In this same meeting, Carlos Abascal, president of the Employers Confederation of the Mexican Republic, Coparmex, affirmed that the Mexican business sector does not plan a salary increase as part of the new pact negotiations. He remarked that should a salary increase be given, there will be massive closing of businesses and widespread unemployment.

EZLN Commander Arrested in Mexico City

PA2410144395 Mexico City XEW Television Network in Spanish 0400 GMT 24 Oct 95

[From the "24 Hours" newscast; passages within quotation marks recorded]

[FBIS Translated Text] Fernando Yanez Munoz alias Commander German has been arrested in Mexico City. He was considered the EZLN [Zapatist National Liberation Army] leader at some point in time. The Secretariat of Government said Yanez Munoz' arrest does not violate the juridical framework established by the Law for Dialogue, Reconciliation, and Dignified Peace in Chiapas.

Last Saturday, members of the Attorney General's Office arrested Fernando Yanez Munoz in Mexico City. He is allegedly the number two man in the EZLN and calls himself Commander German. This individual was arrested, together with two other people, in Tesoros y Jaspe Street in the Tres Estrellas neighborhood, in Mexico City. The Attorney General's Office [PGR] explained that Yanez Munoz was arrested on charges of possession of weapons exclusively used by the Mexican Armed Forces and of one gram of cocaine, and not for his alleged involvement with the EZLN. The weapons seized from Yanez Munoz include a 9-mm gun and an AK-47 rifle.

Following the first depositions, those accompanying Yanez Munoz were set free due to lack of evidence. Fernando Yanez Munoz was placed under the jurisdiction of the Seventh Criminal District Court, in the Western Prison in Mexico City. He refused to testify because he did not have an attorney.

However, he granted the press an interview saying he does not belong to the EZLN.

[Unidentified reporter] "Don't you have any ties with the EZLN?

[Yanez Munoz] "No, no. I maintained ties with the National Liberation Forces because I was a member of them. That problem ended with an amnesty decreed in the 1970's."

Yanez Munoz affirmed that he has only seen Subcommander Marcos on television.

[Unidentified reporter] "Do you know Subcommander Marcos?

[Yanez Munoz] "The only Marcos I have ever seen is the hooded individual you present on television. I don't know what's behind the mask."

Alleged Commander German remarked he was wrongfully arrested.

[Yanez Munoz] "I wan not carrying any weapons. I have not even seen the weapons they said were in my possession. I have not touched those weapons."

Fernando Yanez stated he was arrested because:

[Yanez Munoz] "I think they are trying to delay or suspend the dialogue for peace and reconciliation because they have realized they will be unable to fulfill the promises they made."

Within the 72-hour term allowed by law, Seventh Criminal Judge Ricardo Ojeda will determine the juridical situation of the arrested. The offenses of possession of weapons used exclusively by the Mexican Armed Forces and the possession of cocaine are considered serious and no bail is set for these offenses.

Laura Natalia Garcia Hernandez and Fernando Abraham Garcia Hernandez were arrested with Yanez Munoz. They were later released because there was no evidence found to link them with any offense.

And this is Yanez Munoz' mug shot taken yesterday at the PGR's office. He appears with a beard he no longer has in the footage taken of him today. He shaved off his beard between yesterday and today, but there is not much information about his activities.

Who is Fernando Yanez Munoz alias Commander German? Fernando Yanez Munoz alias Commander German was apprehended by the PGR last Saturday. The 22 EZLN members arrested earlier this year had agreed German was the first leader of the EZLN. German, not Marcos, they claimed, is the one who leads the movement in Chiapas.

Last 20 February, EPOCA magazine, in its edition 194, pages 16-17, published a report on the origins and beginning of the EZLN. Part of this investigation involved Commander German. EPOCA reporter Ernesto Zabaleta obtained one of the only two pictures made public of Fernando Yanez Munoz. According to the investigation, Yanez — the current number one man in the EZLN — was sought for years in an obscure world, following 22 years of living clandestinely. He

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has been sought after since 1974. Twenty one years ago, on 9 February 1974, 17 activists of the National Liberation Armed Forces were apprehended; among them was one of the leaders of that movement. Another leader, Fernando, brother of Cesar German, was able to escape.

The operation to dismantle this criminal organization was conducted nationally. In three later operations in Chiapas, Nuevo Leon, and Mexico State, this group — which operated clandestinely and which was connected with the 23 September Communist League — was dismantled. According to the information of Ernesto Zabaleta, five leaders died in these operations and since then, authorities issued arrest warrants against the escapees, including Fernando Yanez Munoz. The brothers of Yanez Munoz — Cesar, Pedro, and Fernando — children of Doctor Margil Yanez Martinez, lived in Alta Vista neighborhood, Monterrey, Nuevo Leon, and they were all members of the National Liberation Armed Forces. In 1967, they founded the Cuba-Mexico Institute and a branch of the 23 September Communist League.

Fernando, a faithful admirer of his brother German, from whom he took his alias in the EZLN, has been sought after since 9 February 1995 as one of the EZLN leaders. President Zedillo stated this on that same day, 9 February, when he ordered the PGR to apprehend German and four other EZLN leaders.

Fernando Yanez organized the urban network of the National Liberation Armed Forces in Tabasco State and training groups in Oaxaca, Guerrero, and Chiapas. That group — which sought to destabilize the country — is considered the immediate predecessor of the EZLN. When the National Liberation Armed Forces entered Lacandon jungle, Fernando assumed control and adopted the alias of German, giving rise to the Zapatist National Liberation Army in 1983.

The task of Commander German in the EZLN was ideological indoctrination, with an intense technical and political-military training of a guerrilla nature. Other EZLN leaders included Rafael Sebastian Guillen Vicente alias Marcos, who became the number five man in the group. The number two man in the EZLN was called Juan, followed by Maria Gloria Benavides Guevara alias Elisa, and Silvia Fernandez Hernandez alias Sofia or Gabriela.

German was tasked with collecting money, foodstuffs, and weapons for the EZLN. German had disappeared since 7 February 1995, when he was last seen in the Federal District.

Government on Guarantees for EZLN Delegates to Talks

PA2610011895 Mexico City NOTIMEX in Spanish 1821 GMT 25 Oct 95

[FBIS Translated Text] Mexico City, 25 Oct (NOTIMEX) — The Mexican Government today affirmed its commitment to maintain ample and full guarantees for the delegates of the Zapatist National Liberation Army (EZLN) who are participating in the dialogue to attain peace in the southeastern state of Chiapas.

The Government Secretariat stated these guarantees allow the EZLN delegates to travel and remain at the dialogue sites along with the government representatives, as stated in the Law for Dialogue, Conciliation, and Peace with Dignity in Chiapas.

The EZLN members "can count on the protection of the authorities for their movement during their permanence at the site of the talks and during their return to their places of origin [word indistinct] the result of the negotiation," the Government Secretariat added in a communique.

The document stated "events foreign to the dialogue process should not lead to its interruption and reaffirms the government's position that it is only through peaceful means and negotiation that peace with justice and dignity can be found in Chiapas."

The negotiations between the representatives of President Ernesto Zedillo and the armed group, which began last April, to find a political solution to the conflict in Chiapas have always had the necessary guarantees, the document stated.

According to the authorities, Fernando Yanez Munoz, alias "German," was arrested in this capital on 21 October for bearing firearms for the exclusive use of the Armed Forces and not for his alleged participation in the EZLN.

"Yanez Munoz was arrested for possessing weapons for the exclusive use of the Armed Forces. His alleged links to the EZLN emerged after the detainee's identification was determined," the Government Secretariat stated.

In response to a communique issued by the National Mediation Commission (Conai), the secretariat stated the guarantees remain in effect in San Miguel and San Andres Larrainzar, Chiapas, the latter being the permanent site for the negotiations.

According to Conai, the arrest of Yanez Munoz, considered to be one of the highest ranking leaders of the armed group, could cause some insecurity among the delegates attending the peace talks.

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The Law for Dialogue, Conciliation, and Peace with Dignity in Chiapas, approved by the Mexican Congress on 10 April, establishes the legal framework to achieve a political solution to the conflict in that state.

The law established, among other points, the suspension of the arrest warrants against the EZLN leaders announced by President Zedillo on 9 February.

Among the EZLN leaders against whom arrest warrants had been issued by the Prosecutor General's Office were Yanez Munoz and "Subcommander Marcos," identified as Rafael Sebastian Guillen.

[Madrid EFE in Spanish at 1824 GMT on 25 October transmits a 400-word, Mexico City-datelined report stating "the legislative commission in charge of promoting the peace talks with the EZLN has demanded the release of alleged rebel leader Fernando Yanez, because his arrest interferes with the peace efforts. Following his arrest, the Chamber of Deputies asked the Harmony and Peace Commission, Cocopa, in Chiapas to investigate and explain the circumstances surrounding Yanez' arrest. Deputy Jaime Martinez Veloz, from the ruling Institutional Revolutionary Party, has told EFE Cocopa is collecting all the information on the case before an official position is released."]

Camacho's Decision, Prospects Examined

96CA0025A Mexico City REFORMA in Spanish 16 Oct 95

[Commentary by journalist and encyclopedist Sergio Sarmiento: "A Resignation Foretold"; received via Internet]

[FBIS Translated Text] "Choosing one course means giving up another"—Andre Gide.

The resignation of Manuel Camacho Solis from the PRI [Institutional Revolutionary Party] is not as surprising as the fact that he waited so long. With the pressures placed on him to "define his position," with the overt attacks on him from the highest levels of the PRI and the government, one wonders why Camacho stuck with the party for so long.

Camacho himself said that he did not resign from the PRI when Luis Donaldo Colosio was chosen as the PRI's presidential candidate on 28 November 1993 because he did not want to create a political split. He says that he accepted the Foreign Relations Secretariat—provided that he be allowed to maintain a "distance" from Colosio's presidential campaign as the PRI candidate—in order to prevent a collapse of the system.

Occasions for a split between Camacho and the PRI, though, have multiplied since then. The Chiapas uprising placed Camacho in a difficult spot: he did not want to be the official to present the list of the dead in front of foreign television cameras. He even threatened to join "civil society" in demonstrating in the streets for a just peace. But instead, he agreed to become a peace commissioner.

At the beginning of March Colosio criticized the "Day Without a Car" program of the federal capital's metropolitan area, a program that was personally identified with Camacho. The subsequent dispute apparently came to an end on 22 March when Camacho said that, between the presidency and peace, he chose peace. On that same day Colosio gave a speech in which he spoke of Camacho as "a person of great ability and political skills, who has rendered—and will continue to render—important services to the nation."

The honeymoon was all too short. Colosio's assassination on the next day generated new tensions. A group of PRI activists meeting at the Colosio wake even accused Camacho of being behind the assassination. In June the EZLN [Zapatist National Liberation Army] rejected the peace accord signed with Camacho on 2 March. The then PRI presidential candidate, Ernesto Zedillo, stated publicly that the negotiations had been a failure. Camacho resigned as peace commissioner, saying that the candidate's positions had made his negotiating work untenable. Still, he did not then resign from the PRI. It took the strong personal attack on him by Interior Secretary Emilio Chuayffet on 6 October 1995 to make him announce his resignation, which by that time appeared inevitable.

Why did he not resign earlier? Camacho says that one of the reasons lay in the threats which had been made against him and his colleagues at various times. By staying in the PRI, according to that argument, he could obtain better protection for his own physical safety and for his colleagues.

Another possible reason is the difficulty of creating a political structure outside the already established parties. The Democratic Forum group, which Jesus Gonzalez Schmal and Pablo Emilio Madero led inside the PAN [National Action Party] attests to the difficulties of effective political action after a split from the parent institution. Democratic Forum never managed to become an independent party and has faded into irrelevance, with Gonzalez Schmal forming an alliance of convenience, but with a nonessential role, with the PRD [Party of the Democratic Revolution], while Madero ran as a presidential candidate under the banner of the Mexican Democratic Party, finishing last in the 1994 election.

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The split between Camacho and the PRI, though, has now been formalized, and the former city mayor, a man who has made politics his life, will have to find a new role in Mexican society for himself and his closest followers.

It will not be easy for Camacho to join either of the nation's two major parties, the ones which may in the next few years become real rivals of the PRI. While Camacho did cultivate good relations with leaders of both the PAN and the PRD during his years as a political negotiator for Carlos Salinas, there is enormous resistance in both parties to allowing him in at a level that would allow him real influence. Other small parties might welcome him with greater enthusiasm, but these small parties are becoming more and more marginalized in national life, so political action in them will be a lengthy process with no guarantee of success.

In reality, Camacho seems fated to become an academic once again. The Democracy and Development Foundation will apparently be his base for giving speeches and writing thoughtful documents. In reality, this may be a very important job in a country where politics has only rarely sustained any articulated line of thought. But for a man in love with politics who felt that the presidency lay within his reach, this role may be as disappointing as the embassies which were once offered to him as an honorable form of exile.

Alternate Economic Policy Debate Defended

96CA0027A Mexico City LA JORNADA in Spanish 20 Oct 95

[Commentary by Colegio de Mexico researcher Julio Boltvinik: "Criticism and Economic Policy"; received via Internet]

[FBIS Translated Text] The possibility of an economic policy that would represent an alternative to the current one has moved to center stage in the debate again. The chief executive declared in Bariloche that the "adversaries of the economic policy of modernization...insist that nothing that has been done is worthwhile.... The critics have no alternative proposal; they have not shown that they have a clear proposal that would produce better results" (LA JORNADA 18 Oct 95).

At a recent roundtable, I was asked whether a critic has an obligation to propose a better alternative than the one being evaluated. I answered that just as you cannot require that an art critic produce an objet d'art (a canvas or a film) and measure it against the one he is critiquing, you cannot require the public policy critic to propose an alternative. Criticism in and of itself is a legitimate and socially necessary endeavor.

Nevertheless, I added that in the area of economic policy, there are many individuals and groups that have gone beyond criticism and drawn up alternative proposals. At the preparatory forum convened on 27 June to draft the subject document of the *Referendum on Liberty*, which is now at the stage of gathering signatures of support throughout the country (see my commentary in LA JORNADA, 30 Jun 95), no fewer than 10 papers were presented, some of them very extensive and well-documented, with a view to developing proposals for alternative economic measures.

Using those documents as a basis, a complex process of discussion and negotiation coordinated by Alejandro Nadal gave birth to the document that is being put to a vote. Therefore, the critics do have an alternative proposal, and it is a clear one. Of course, no one can prove that it will yield better results, because the alternative has not been put into practice. On social issues, it is almost impossible to provide proof. The defenders of the current policy frequently cite spurious arguments to claim it is correct: "If this had not been done, the situation would have been worse." We critics with alternatives must point out the negative consequences of what has been done and contrast them with what we think would have resulted if the proposed measures had been applied.

The alternative economic strategy that will be submitted to a referendum in the next few weeks was introduced to the press yesterday. There have already been several commentaries in the press regarding this matter. Last week in REFORMA, Carlos Elizondo Mayer-Serra criticized some of the substantive portions of the proposal that differ from current policy, noting that the latter is the only possible way to proceed in the current context of capitalism. In LA JORNADA (17 Oct 95), Jose Blanco pointed out that "various critics of economic policy often act as if the express intent of the Mexican Government or the U.S. Government were to mire us in poverty, starve children to death.... That is supposedly the evil design of the neoliberal program."

It is obvious that economic policies are judged by their objective results. The intentions of those who design and implement them cannot be known. Perhaps they themselves do not even know what their intentions are. According to Blanco, no one today has an economic program capable of bringing down the social cost of the adjustment while at the same time spurring economic growth. Therefore, the *Referendum on Liberty* will merely serve, in his opinion, to allow its "organizers and participants once again to discredit the adjustment program, and nothing more." He claims it is necessary to establish a civilized channel for debate. To do that, the

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first step would be to refer to the referendum document in a civilized manner.

The forum I mentioned was a civilized channel for debate. No one championed the neoliberal model, but businessmen defended some aspects, such as the privatizations. Among businessmen, peasant and worker organizations, and academics, it was possible to open a channel for dialogue and negotiation that produced the final document. The criticism printed in this and other organs of the press also constitutes a civilized channel for expression and advocacy, although rarely do we receive any response from the party involved, which makes for a very limited debate. In some academic circles and nongovernment organizations, seminars and other forums are organized, to which public officials are also invited. There is dialogue and discussion there. Any dialogue of this nature is based on an indispensable premise: a modicum of respect for the ideas of others, recognition of the opponent's existence as a thinking being who has a right to be heard. What this means is that no one thinks he has a monopoly on the absolute truth.

Thus, the president's comment, quoted above, to the effect that the critics have not proven that their proposal would yield better results, may be encouraging in that it recognizes the possibility that there may be alternatives. It also recognizes the existence, and legitimacy, of criticism. Does this mean abandonment of the notion that the policy adopted is the only possible one? Submitting an alternative package of economic policies to a referendum involves several heresies: One is that economic policy is not just the purview of economists, that it is not an exclusive preserve for specialists, and that we all have an obligation and a right to express our opinions on the matter.

Another heresy is to call into question the government's power to impose a package of economic policies unilaterally, knowing that the population is almost unanimously opposed to it, as occurred with the value-added tax (IVA). The fundamental purpose of the referendum, a "legitimate means of political expression," in Elizondo Mayer-Serra's words, is to express the citizens' right to demand that their chosen representatives serve them and not outside interests and abstract ideas.

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Costa Rica

Leaders Critical of U.S. Pressure

96CA0021A San Jose LA NACION in Spanish
18 Oct 95

[Article by Marvin Barquero and Ronald Matute: "Country Censures Pressure in United States"; received via Internet]

[FBIS Translated Text] San Jose and San Carlos de Bariloche (Argentina)—The United States' attempt to impose commercial sanctions on Costa Rica for signing a banana trading agreement with Europe is unfair and discriminatory, the government said yesterday, condemning and rejecting the motion introduced by Senator Robert Dole.

The government mainly bases its position on the fact that the measure targeting our country is unrelated to any defense of the interests of American companies. Rather, it stems from internal economic pressures in that country, Foreign Trade Minister Jose Rossi noted.

Rossi also reported that the United States is treating Costa Rica in a discriminatory manner as a weak country because, although it advances the same reason—the banana trade—it condemns the European Union (EU) before the World Trade Organization (WTO), but refrains from imposing unilateral commercial sanctions.

At the same time, the Costa Rican Government was leveling these charges, our ambassador to Washington, Sonia Picado, and her staff took advantage of the fact that Dole's motion was not heard in the upper chamber yesterday to contact other senators and persuade them not to support it.

Speaking by phone yesterday, Picado said that the Republican Dole's measure is on the Senate's agenda and could be debated today during its session scheduled for 1200 hours (1000 hours Costa Rican time). "Costa Rica's situation is complicated," the diplomat admitted.

Despite the Latin American split over the banana trade (Ecuador, Guatemala, Honduras, and Panama have nothing to do with deals worked out by Costa Rica and Colombia), at the Ibero-American Summit Conference that ended yesterday in San Carlos de Bariloche, Argentina, our country's position received clear support.

Government officials in Latin America objected to Dole's motion, which could exclude Costa Rica and Colombia from the benefits of the Caribbean Basin Initiative (CBI) and the General Preference System (GPS). These benefits allow certain countries to export products to the United States without paying import taxes amounting to an average of five percent.

Dole introduced his motion before the Senate in support of a move made by the American transnational banana company Chiquita Brands. That company argues that the agreement signed with the European Union by Costa Rica and Colombia granting them a percentage of the banana export quota for the bloc of nations is detrimental to its interests.

Stiff Blow

If such trade sanctions on Costa Rica were to be approved, almost all products exported to that nation — excluding only canned tuna, leather goods, textiles, and watches and watch parts — would be subject to duties amounting to an average of five percent.

Such duties would increase the cost of national products, meaning that our country would have to do two things: reduce its prices by an equal amount in order to remain competitive, thereby lowering the nation's revenue; or sell at a higher price, probably causing it to lose positions on the American market, the main market for our exports. This warning comes from Deputy Foreign Trade Minister Francisco Chacon.

Nevertheless, Rossi and Chacon do not expect Dole's motion to pass because the U.S. Department of Commerce has not even completed its research on the Chiquita Brands complaint under the so-called Super 301. "It would be like convicting someone before completing the investigation," the minister said, in addition to the fact that the Senate would be taking on a decision that should be made by the executive branch.

Even if the Senate should approve the proposed sanctions, COMEX [Colombian Foreign Trade Company] says the fight can still be waged on other fronts. The decision would have to be ratified or rejected by the House of Representatives, and President Bill Clinton could veto it.

Broad Support

Government officials meeting in San Carlos de Bariloche expressed their "special concern" over this "normative modification" being debated in the American Senate in the final proclamation of the Fifth Latin American Summit Conference of Chiefs of State and Heads of Government.

President Jose Maria Figueres and Foreign Minister Fernando Naranjo were gratified by yesterday's show of support from government officials, deeming that it signifies "a condemnation" of Dole's motion "by all Latin America."

The support was reflected in a paragraph of the final proclamation which, sounding like a veiled condemnation of the trade embargo against Cuba, rejects coercive unilateral measures impeding free trade and transparent commerce.

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Guatemala

President Views Passage of U.S. Amendment No. 176

PA2610004895 Guatemala City Televisiete Television in Spanish 1900 GMT 25 Oct 95

[Telephone interview with President Ramiro De Leon Carpio in New York by unidentified reporter in the station's studios; from the "Channel Seven News" newscast — live]

[FBIS Translated Text] [Reporter] We have just established contact with Guatemalan President Ramiro De Leon Carpio who addressed the UN General Assembly recently in commemoration of its 50th anniversary. Because he is still in the United States, we believe it is important for us to hear his comments. Mr. President, thank you very much for taking this call. Good afternoon.

[De Leon Carpio] Good afternoon. Thank you very much for giving me this opportunity to address the Guatemalan people and to make an announcement I am certain will surely please everyone.

I was notified today that a joint U.S. Senate and congressional committee has finally approved Amendment No. 176. The important point here is that none of the requests made against Guatemala were approved. We are not going to be subject to any economic sanctions, nor are we to be restricted from receiving financial assistance, and we will not be excluded from the Generalized Preferential System.

We are eligible to receive assistance, even the Guatemalan military and security forces, if President Clinton provides a confirmation to Congress that we are taking steps and cooperating in the efforts to improve human rights; this even means there is the likelihood there could be some type of assistance earmarked for Guatemalan security forces during U.S. fiscal year 1996. There are no conditions for resources available for the cease-fire agreement or the definite peace agreement.

Finally, funds will be available so as to enable our country's Army officers to travel to the United States to participate in the International Military Education Training Program; in other words, our officers are eligible to participate in education and training programs, meaning everything requested against the country by certain sectors in Guatemala and abroad, as well as by certain U.S. congressmen and senators, was not approved by the joint committee I just mentioned.

The joint committee's point of view is that Guatemala does not deserve any penalties, that it would be unfair to impose economic sanctions, and that there is clear support for Guatemala, which is something about which we are quite pleased. As I said before, I am referring to Amendment No. 176, which will become included in the budget law about to be approved by Congress.

What I just mentioned is virtually a fact, because an agreement has already been reached by the Senate committee and the congressional committee, which gathers representatives from both parties. As I said, it is a decision that pleases Guatemala.

[Reporter] Mr. President, although your government views everything you just mentioned as positive, did the conditions come about as a result of doubts about our efforts to improve human rights?

[De Leon Carpio] The only condition.... [pauses] As I said, there are no conditions if the assistance is intended for a cease-fire agreement or a peace agreement, prior to and after the signing. There are no conditions, nor are there any conditions for assistance intended for education and training purposes.

Regarding financial assistance for the military and security forces, the only requirement is that President Clinton must first certify that our government and the Armed Forces have cooperated and progressed in improving human rights. In fact, yesterday as well as today at the United Nations, Mr. Lake, who is President Clinton's adviser on security matters, assured me—just as the president himself did two days ago during our conversation—of his support for and acknowledgement of the efforts and progress Guatemala has made.

I had already acknowledged in my UN speech that we were still confronting problems, but perhaps the most important point of all lies in what I said a while ago; that is, that approval of Amendment No. 176 is not decided by the Clinton administration but, rather, by the U.S. Senate and Congress, meaning, it was decided by representatives from the Democratic and Republican Parties. In other words, it was decided by the genuine representation of the U.S. people who support the Guatemalan Government and people.

[Reporter] Thank you very much. Undoubtedly, your visit to the United States has been quite successful and productive. When are you returning, Mr. President?

[De Leon Carpio] Sometime on 27 October. Unfortunately, we will no longer have the opportunity to meet with the Canadian prime minister, because the Canadians have decided to postpone all official activities pertaining to the visit of South African President Mandela and that of the Central American presidents on account of their domestic problems. It is unfortunate, because this meeting would have been quite positive in view of the cooperation and assistance we have been receiving

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from Canada. If God wills it and nothing unusual takes place, I will be back to continue working on domestic issues.

Honduras

Human Rights President Denounces Killing of 6 Soldiers

PA2510185095 Mexico City NOTIMEX in Spanish 1638 GMT 25 Oct 95

[FBIS Translated Text] Tegucigalpa, 25 Oct (NOTIMEX) — Ramon Custodio, president of the Honduran Human Rights Defense Committee (CODEH), today denounced that six alleged members of the Military Intelligence were killed this month.

"Keeping these executions quiet would be like becoming a party to, and an accomplice of, crimes that should not take place in a democratic society," the human rights leader stated upon denouncing the events.

Custodio identified the slain soldiers as Carlos Catalino Varela, Jose Valentin Iraheta, and Miguel Antonio Jerez Avila, who were reportedly killed last 18 October.

He added that Jorge Mejia Irias was killed on 15 October, while Jorge Alexis Rojas Colindres was murdered on 22 October. Custodio identified the sixth soldier killed as Carmindo Antonio Rosales, although he did not specify the date of his execution.

With these new crimes, CODEH has recorded a total of 50 illegal killings so far in 1995, the group leader revealed.

Custodio did not rule out the possibility that the killing of these alleged Military Intelligence members be related with the knowledge they had about forced disappearances occurred last decade.

At least 184 people, including several foreign citizens, disappeared in the 1980's at the hands of alleged Army members, according to reports by CODEH and other human rights organizations.

Custodio stated that Florencio Caballero and Fausto Reyes, who were members of the 3-16 Battalion — charged with operating as a death squad under the Armed Forces — have been forced to seek asylum in Canada to avoid being killed for what they know about the disappearances.

Currently, arrest warrants have been issued against three military officers, including Colonel Alexander Hernandez, general inspector of the police, for their alleged involvement in forced disappearances and kidnappings in the 1980's.

Panama

Ties With U.S. Improve Amid Concern Over Drug Issues

PA2510184995 Panama City EL PANAMA AMERICA in Spanish 25 Oct 95 p 1

[Report by Henry Raymont]

[FBIS Translated Text] Former Congressman William Hughes, 63, will be sworn in today in Washington as new U.S. ambassador to Panama, while President Ernesto Perez Balladares will hold a conference in the U.S. capital to promote the flow of investments and trade between the two countries.

While Panama and the United States strengthen diplomatic and economic ties, the problems of drug trafficking and money laundering get in the way of establishing bilateral ties.

The most recent problem emerged following President Bill Clinton's speech to the United Nations, in which he warned that some governments had not yet taken appropriate measures in the fight against drug trafficking and money laundering.

Although Clinton did not mention any country, the daily THE WASHINGTON POST — based on information supplied by U.S. officials — cited Panama and the Bahamas, among others — as the countries that had not taken the aforementioned measures.

PTJ Director Questions Reports on U.S. Punitive Measures

PA2510165395 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Oct 95

[Report by Hugo Enrique Famania; from the "RPC Television News" newscast]

[FBIS Translated Text] Judicial Technical Police Director Gabriel Castro has questioned the veracity of reports in the sense that the United States could impose unilateral punitive measures against Panama should our country fail to contribute to the struggle against the Cali Cartel.

Castro is the coordinator of the national effort against money laundering and drug trafficking. He said reports on possible punishment against Panama should it fail to help in the struggle against the Cali Cartel are not reliable.

[Begin Castro recording] In my opinion, it would be very strange if the U.S. Government said that about Panama because we are at the vanguard in the race against money laundering resulting from drug

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trafficking in all of Latin America, and we are ahead of many countries in Europe and other continents. [end recording]

Castro said it would be contradictory for Panama to be in that list, because a few days ago the U.S. Government congratulated our country for its efforts against drug trafficking and money laundering.

[Begin Castro recording] They are financing part of the costs, and are giving us training both in Panama and the United States in order for the plan to be successful. You know very well that right now we are conducting a thorough investigation with the Canadian Mounted Police against money launderers in the Colon Free Zone. [end recording]

In addition, the international banking center has implemented strict controls to prevent these illegal activities, Castro noted.

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Argentina

Further Reportage on Shooting of Iranian Envoy

Iranian Attache Blames 'Zionist Elements'

PY2610024795 Buenos Aires LA NACION in Spanish 25 Oct 95 p 14

[Report by Rafael Saralegui, Jr.]

[FBIS Translated Excerpt] Mohsen Rabbani, the cultural attache to the Iranian Embassy [in Buenos Aires], did not hesitate to describe the 21 October attack on Iranian Charge d'Affaires Hassan 'Ali Rajabi Yazdi as a terrorist attack perpetrated by Zionist elements linked to the Mosad, the Israeli secret service. [passage omitted]

Rabbani, who has frequently visited the charge d'affaires at the clinic where he is staying, explained: "Mr. Yazdi and his family went out shopping in the [Barrancas de] Belgrano [District]. Afterward, he decided to take his children to the park. As he was about to park, a person appeared and made gestures to him as if he wanted to talk to him. When he opened the door of the car, the person immediately fired at him."

During an interview with LA NACION, Rabbani added: "After he was shot, Mr. Yazdi ran after the assailant, trying to catch him. Mr. Yazdi's wife asked him to seek medical care somewhere. First, they planned on going to the German Hospital [Hospital Aleman], but afterward they realized that they were close to the clinic and went there."

The Federal Police hypotheses are ranging between an attack and a thwarted mugging. Rabbani said: "Without a doubt, it was an attack. The terrorist aimed a little above the heart. The bullet hit a rib and was finally lodged in the hip. There was no struggling. The person fired at him directly."

[Saralegui] Who were the perpetrators?

[Rabbani] Zionist groups linked to the Mosad. To our knowledge, two Zionist groups have claimed responsibility for the attack. [passage omitted]

[Saralegui] But if Iran did not have anything to do with the attacks against the AMIA [Argentine-Israeli Mutual Association] headquarters or the Israeli Embassy, what interest could the Mosad have in this attack?

[Rabbani] This could have been an act of revenge prompted by this fabricated lead, called the Iranian lead. It involves creating a space of horror and death and frightening the Argentine people.

Rabbani, 40, has been living in our country for 12 years and his Spanish is acceptable. Smilingly, he says: "We are not fanatics who are killing people around the world. People here have frequently talked about a third attack. Yazdi."

Envoy to Uruguay: Tehran To Offer Help

PY2610020195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2211 GMT 25 Oct 95

[FBIS Translated Excerpt] Buenos Aires, 25 Oct (NA) — Iranian Ambassador to Uruguay 'Ali Sarmadi-Rad announced today that the Iranian Government will offer the services of its intelligence organizations to help in the investigation into the attack on Hassan 'Ali Rajabi Yazdi, the Iranian charge d'affaires in Argentina.

The diplomat said that Yazdi received repeated death threats before the attack, and stressed that the person who shot him on 21 October in the neighborhood of Belgrano said "a prayer" that the Iranian official could not understand before shooting.

Sarmadi-Rad said that if Argentine authorities accept the offer, his country will send agents from its intelligence services to help clarify the attack on the Iranian diplomat.

Sarmadi-Rad visited the "Sacred Family" Hospital where Yazdi is recovering. The Iranian ambassador to Uruguay said that just as the Mosad (Israeli intelligence service) helped in the investigation into the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters, the Iranian security forces would help in the case of the wounded Iranian.

Sarmadi-Rad reiterated that attack on Yazdi was a "terrorist attack" and blamed "Zionist groups operating in Argentina, which have connections with Mosad" for the attack.

Sarmadi-Rad revealed that Yazdi received threats before the attack, adding that those threats "were not taken very seriously."

"The embassy and the ambassador's residence are in the same building. This is why our charge d'affaires did not come out for three days. It is worth noting that he was attacked the moment he went out," Sarmadi-Rad said.

The Iranian diplomat told a radio station that this fact shows that "the charge d'affaires was being followed."

Sarmadi-Rad totally ruled out the theory that the attack involved a robbery attempt against Yazdi.

"Nothing was stolen, and there was no conversation indicating a robbery attempt. The individual said a prayer, which Yazdi could not understand, before shooting," Sarmadi-Rad said.

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The ambassador emphasized that relations between Iran and Argentina continue to be "good" despite the aggression against Yazdi. [passage omitted]

'Grave Incidents' in Mendoza Leave Six Injured

PY2610024595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2028 GMT 25 Oct 95

[FBIS Translated Excerpt] Mendoza, 25 Oct (NA) — Grave incidents were reported today in front of the Mendoza Provincial Legislature at the end of a march, the largest in recent memory, of some 10,000 demonstrators who were protesting the provincial government project to reduce their salaries.

The disturbances — which, according to police sources, ended with six people wounded and at least 10 arrested — occurred shortly after midday, when a group of workers tried to enter Mendoza's legislature, causing serious damage to some offices in the building, located in front of Independence Square.

The Border Police repressed the demonstrators with rubber bullets and tear gas, preventing the workers from entering the building. The protest march was organized by the State Trade Front.

The march was against the project sponsored by the provincial government headed by Rodolfo Gabrielli — which was sent to Congress with the 1996 budget — contemplating salary reductions ranging from 7 to 15 percent. The measure is intended to alleviate the deficit in the district's Pensions Fund. [passage omitted]

President Discusses UN Role, Activities

PY2410200895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Oct 95 p A2

[Article by Argentine President Carlos Menem: "The United Nations' 50th Anniversary — Conquests and Doubts"]

[FBIS Translated Text] For a country like Argentina the strengthening of the United Nations is barely an answer to the need to reaffirm great principles or idealistic urges. In our opinion, the multilateral focus offers the best guarantee for consolidating peace and facing the dilemmas of the post-Cold War era. Apart from the questions that we discuss, it is evident that only this UN focus can achieve international consensus.

Let us take the great questions of the social and economic agendas as an example: the conferences of Cairo (Population and Development, 1994), of Copenhagen (Social Development, 1995), on Women (Beijing, 1995), and on Human Rights (Vienna, 1992). Reconciling diverging criteria and viewpoints, all of them contributed to reinforcing new guidelines for international coexistence.

In the same way, the process that began during the Rio de Janeiro Conference in 1993 produced legally binding commitments related to the environment that are closing the dangerous gaps associated with biodiversity and changes of climate.

The UN contribution was also essential for controlling the weapons of mass destruction and their nonproliferation. With the recent unconditional, indefinite extension of the Nonproliferation Treaty, we now have the imminent implementation of the Convention on Chemical Weapons, which has just been ratified by Argentina, one of the first signatories, and the hoped-for strengthening of the Convention on Biological Weapons. Thus we will achieve the total proscription of those systems.

This will allow countries like Argentina and entire regions like Latin America to make constant economic progress and to solve social problems without having to set aside resources to participate in expensive and anachronistic arms races. In the same way the creation of mechanisms for the exchange of information related to the import and export of conventional weapons will establish a more transparent and foreseeable structure that will make it easier to prevent incorrect interpretations and suspicion regarding the intentions of other countries.

But all these accomplishments are not enough to eliminate violence and the lack of justice. We are fully aware of this, and it is due to this fact that we must work to strengthen the United Nations. There are many unresolved problems and many aspirations that have not been satisfied.

At the end of this year Argentina will have concluded its two-year period as a nonpermanent member of the Security Council. This experience has permitted us to carefully evaluate the progress of the international agendas. It has also permitted us to examine the operation of the organization itself, something that was recently questioned due to its alleged failures and due to its alleged inability to adapt to a world that is facing a new century.

I would like to briefly mention one of those matters, because I believe we are facing new dilemmas that, in view of their nature, are due to the consequences of a new world situation.

International terrorism is one of the scourges of this new scenario, and nobody is immune to it. From Oklahoma to Tokyo, Buenos Aires, or London, issues and problems that apparently have nothing to do with a particular

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region of the world suddenly appear on the scene with brutal violence, with the killing of innocent people in places that were erroneously considered to be far away from such crises. Confronted with these hideous terrorist attacks, Argentina drew the Security Council's attention to the fact that the prevention and routing of international terrorism demand concerted action.

It is most urgent that the United Nations carefully consider the issues of arms trafficking and certain aspects pertaining to weapons of mass destruction, such as control of the use of sensitive technology. Otherwise, we will all continue to suffer the consequences.

Humanitarian aid constitutes one of the noblest and most necessary aspects of international action by the United Nations. It is important to recall that the action of the United Nations is not circumscribed to major strategic questions identified with the Security Council. The role of the United Nations is necessary to deal with cases of dire poverty and marginality, which also demand joint, and swift, action.

This is why my administration conceived the idea of establishing a corps of international volunteers, known as the "White Helmets," to come to grips with the problem of hunger and serious humanitarian emergencies. The objective is to coordinate efforts and provide direct assistance in the unfortunately-all-too-numerous cases of penury that still exist.

Much has been said and written about the need for the United Nations to embark upon a major transformation on the occasion of its 50th anniversary, starting from the Security Council. Nevertheless, the fact that one is aware of the need for a change does not always mean that one has a good solution.

Our work on the Security Council strengthened our view that what is really necessary is for the United Nations to embark upon more efficient and timely action, rather than changing its composition or its internal processes. A restructuring will strengthen the United Nations only if it is undertaken on the basis of a realistic approach.

A realistic attitude would be to analyze the establishment of rotation mechanisms so as to allow those countries having greater clout in the region — together with those which, for different reasons, must wait for many years to get a seat on the Security Council — to have a more frequent presence in the Council. The reform of the Security Council ought never to become the arena of regional competition for domination and representation. This would be a grave mistake having serious consequences for international cooperation and harmony.

The first 50 years of existence of the United Nations have been marked by achievements and also by question marks. This is something inevitable, which simply reflects the complexity of conflicts that defy quick solutions. This notwithstanding, a resolute commitment to the objectives and principles put forward in San Francisco half a century ago constitutes the only valid alternative to unilateralism; proliferation of weapons of mass destruction; the absence of regulation structures for environmental protection; and racial, religious, or social discrimination, protectionism, and trade wars.

Article Views Credit Slump Affecting Industries

PY2510162995 Buenos Aires CLARIN in Spanish 17 Oct 95 p 1

[FBIS Translated Text] A worrying economic practice has become even more obvious lately. The urgency of the state to finance its fiscal deficit is leaving the public and private companies without the funds to encourage production and consumption. It is a vicious circle involving distinct risks because the strategy, which seeks to answer falling revenues, conspires against what today could be the most reasonable way to increase revenues: By encouraging consumption and economic recovery in order to collect more taxes and thus solve the fiscal crisis.

Yesterday Argentina contracted new debts abroad by placing $350 million worth of bonds in German marks on foreign markets. The bonds mature over seven years and pay an interest rate of 10.38 percent per year. This money will not be used to rescue other debts or to put more money into the market. It will be used to cover the fiscal deficit because of the delay in receiving funds produced by the privatizations of Yacyreta and Salto Grande. The government will still need another $600 million, but this will be borrowed from banks operating in Argentina.

This newspaper last week anticipated that the government would urgently borrow $300 million from three private banks. Now we know it had to go looking for this money because it did not have enough to pay pensioners. It is known that Central Bank officials opposed this operation because the government was paying an interest rate of 11.25 percent for money loaned over 60 days when first line companies were paying between 8 percent and 9 percent per year for the same loans. What is still worse, the government has made the financial requirements of banks more flexible so that they can loan more money to public and private companies, and ended up taking the money — via the Treasury — and paying almost double the rate paid by the Central Bank on those funds.

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Economist Views Growing Public Indebtedness

PY2510200195 Buenos Aires AMBITO FINANCIERO in Spanish 20 Oct 95 p 10

[Article by Economist Carlos Arbia of the Congress of Latin American Businessmen, CEAL]

[FBIS Translated Text] The official issuance of bonds — in German marks, yen, dollars, etc. — as a way to indefinitely finance the public debt worries most economists. Projections show the Argentine public debt (internal plus external) at the end of this year could exceed $90 billion.

This increasing indebtedness is nothing new. The process started in December 1993 when the debt was $69.6 billion. A comparison shows Argentina's public debt increased by $20 billion during this period. This is equivalent to the amount Argentina must pay to service its debts over the next two years.

The growing public indebtedness reflects a distressing symptom, particularly because the problem is not derived from the Tequila effect alone, but also from a loss of fiscal discipline.

Argentina's fiscal deficit started to grow in the second half of 1994 — during the constitutional reform debate — due to increasing public spending, which deteriorated even more due to the financial problems generated by the massive devaluation of the Mexican peso last December. The debt stood at $74.782 billion at the end of August 1994 and $85.89 billion in June 1995.

One argument used by the government to downplay the importance of the debt is that it is not important considering the proportion of the GDP it represents. The Argentine public debt is equivalent to 28.6 percent of the GDP; the Mexican debt is 44.8 percent of the GDP; the Brazilian debt is 32.9 percent of the GDP; and the Chilean debt is 39.4 percent of the GDP. The Mexican debt suffered a mayor deterioration last year. At that time its debt represented only 34 percent of the GDP. The Argentine debt last year represented 27 percent of the GDP.

The Argentine situation is apparently not as serious as that of other countries in Latin America. However, when we remember we will have a financial deficit of around $2.5 billion by the end of 1995, which comes in sharp increase to 1994 which ended with a fiscal deficit (privatizations included) of just over $280 million, we see that Argentina's payment capacity has been reduced.

One very important indicator is the coefficient of liquidity. This coefficient represents the relation between the net debt (total public debt minus international reserves) and the GDP. Chile leads the region in this respect because its liquidity coefficient is 9 percent, which somehow reflects its current economic solvency. Mexico has the highest liquidity coefficient with 39 percent. This country received some $14 billion from international organizations and the United States and used the funds to rescue Treasury bonds and accumulate international reserves. Brazil comes next with 26 percent and then Argentina with 25.5 percent. Chile's 9 percent coefficient is the lowest in the region, reflecting the country's economic strength and its success to increase its internal savings over the past 10 years.

If we consider another indicator — the one resulting from dividing international reserves by the public debt — we will see Chile has a coefficient of 77.14 percent followed — a long way behind — by Brazil with 20 percent, Argentina with 14.5 percent, and Mexico with 12.9 percent.

Chile recently paid off part of its foreign debt ahead of time. It has $15 billion in international reserves to back up a public debt of $20 billion, which represents the highest rate of solvency in Latin America.

Argentina has $12.5 billion in international reserves to back up a public debt of $85.9 billion [or 14.5 percent of the total] which is only better than Mexico's situation that has a coefficient of 12.77 percent. This fact somehow shows the economy's financial fragility. It is no good trying to differentiate Argentina from Mexico today. It would be more positive to try to look like Chile.

Argentina's increasing fiscal need for the second half of 1995 will only mean an increase in the public debt. The 1996 budget will make it very difficult to continue contracting new debts. The current economic situation is not favorable, and unemployment and recession will not go away quickly.

Therefore, there are not many courses of action. One alternative is to start reducing our public spending — estimated at $41 billion for 1996 — flying in the face of those economists who say it is impossible to reduce spending any more.

When revenues drop, current expenses cannot be paid. The quickest solution is to adjust public spending through a reduction in salaries and by reducing the goods and services spending of some departments.

Contracting new debts as a financial mechanism is a short term solution. The state could follow the important example of the private sector, which is suffering a lack of credits and is rationalizing its spending.

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Brazil

Lampreia, Kantor Evaluate Trade, Patent Issues

PY2610015995 Sao Paulo AGENCIA ESTADO in Portuguese 2305 GMT 25 Oct 95

[Report by Paulo Sotero]

[FBIS Translated Text] Washington, 25 Oct (AE) — "The word sanction was not even thought of much less spoken during our meeting, and I think we are far from such a situation," Foreign Minister Luis Felipe Lampreia said, as he described the three-hour meeting followed by a lunch he had today with U.S. Trade Representative, USTR, Mickey Kantor. The two ministers concluded a broad evaluation of bilateral trade between Brazil and the United States, and they discussed pharmaceutical patents rights in particular.

Regarding this subject, which could theoretically still produce a crisis, the two sides demonstrated calmness. "We did not speak about terms, nor did he (Kantor) establish a term," Lampreia said. A USTR source said "the Brazilian minister reported on the status of the bill on intellectual property rights in Congress, and we are encouraged by the progress attained." "We are still anxious for the approval of a good law and we hope that that will happen soon, but we did not discuss terms."

"The U.S. Government and, in particular, the USTR are convinced that the Brazilian executive and legislative branches are more in tune with and aware of the importance of having an internationally accepted law (protecting intellectual property) and that we are evolving," Lampreia said.

The Brazilian foreign minister did not promise a timetable, but he told Kantor that he expects the Brazilian Senate to reach a decision before the Christmas recess on the patents bill — which is one aspect of the new intellectual property protection system that is being discussed in Congress, and which also includes specific laws protecting computer programs, integrated circuits, and authors' rights. The fact that Brazil is taking a long time to approve such bills led the USTR last May to place Brazil on a list of priority countries liable to receive trade sanctions and to give Brazil, albeit not in writing, a period of six months to resolve this old argument. Following a promise by the Collor administration in 1990 to make an effort on this subject, the United States suspended stiff trade sanctions that had been applied in 1988 against several Brazilian exports.

The political aspect of the patent rights issue reflects the new quality of the trade talks between Brazil and the United States. During their meeting today, Lampreia and Kantor concluded an evaluation of their bilateral trade as requested by Presidents Fernando Henrique Cardoso and Bill Clinton during Cardoso's visit to Washington in April.

The report the two ministers prepared will be released simultaneously in Washington and Brasilia on 1 November after being submitted to Clinton and Cardoso. "The document demonstrates that trade relations between Brazil and the United States have never been very strong," said a USTR officer. According to Lampreia, it contains a diagnosis of their bilateral trade and general recommendations for the two countries to expand their exchanges, but in a balanced manner. After having registered considerable trade surpluses with the United States for many years, Brazil began to register deficits in the past few years. The trade deficit with the United States for this year is estimated to amount to $1.7 billion. The Brazilian Government has insisted that U.S. protectionist mechanisms and policies that affect Brazilian products in the U.S. market, beginning with concentrated orange juice, do not allow Brazil to overcome the current trade deficit with the United States.

The report prepared by Lampreia and Kantor will reiterate the U.S. and Brazilian effort to form a hemispheric free trade area based on subregional integration through agreements like the Mercosur [Common Market of the South] and the NAFTA. The two countries will also promise to work together with regard to the strengthening of the WTO.

Congress Gets Two Letter-Bomb Threats

PY2510143395 Sao Paulo AGENCIA ESTADO in Portuguese 1323 GMT 25 Oct 95

[FBIS Translated Text] Brasilia, 25 Oct (AE) — The office of Deputy Luiz Carlos Santos, the government leader in the Chamber of Deputies, this morning received a second call announcing that a letter bomb would be sent to Congress. Staffers of the government leader said the call came from a northeastern state. The caller, who made another call earlier, said the bomb had been made by two Peruvian experts. The police are investigating the calls. Security was tightened today at the entrance of the Chamber of Deputies in face of the scheduled voting later today — at the Constitution and Justice Committee — on controversial topics of the recommendations made on the administrative reform bill by Deputy Frisco Viana (PPB-BA) [Brazilian Progressive Party-Bahia]. The most controversial topic is the one setting the president of the Republic's salary as the ceiling for public servants of the three branches. This ceiling will reduce the salaries of "maharajas" [overpaid public servants], especially in state and municipal administrations.

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CCJ Rejects Privatization Without Congressional Approval

PY2610025495 Sao Paulo AGENCIA ESTADO in Portuguese 2106 GMT 25 Oct 95

[Report by Isabel Braga and Joao Domingos]

[FBIS Translated Excerpt] Brasilia, 25 Oct (AE) — The Constitution and Justice Committee [CCJ] today rejected by 25 votes to 24, with one abstention, an article of the administrative reform proposal that would have allowed the executive branch to privatize public companies without consulting Congress. The article had nothing to do with the administrative reform. It was a "trick" ["gato"] included in the bill by petition of the economic ministers with the purpose of facilitating the privatization of the Vale do Rio Doce company and the telecommunications system.

The pro-government parties did not even make an effort to approve the mentioned article. The PFL [Liberal Front Party] freed its congressmen to vote however they wanted, and three of them voted against it. The PMDB [Brazilian Democratic Movement Party] continued to be divided: The five [number as received] deputies who always vote against the administration maintained their position. They are Ivandro Cunha Lima and Jose Luiz Clerot, both from Paraiba, plus Joao Natal from Goiania and Udson Bandeira from Tocantins. Even the PL [Liberal Party] voted against the article. Roland Lavigne (BA) [Bahia] voted against it, as did Deputy Prisco Viana (PPB-BA) [Brazilian People's Party], who changed the original proposal.

The worst enemies of the government attempt to eliminate Congress from the decision process with regard to privatizing public companies were Deputy Gerson Peres (PPB-PA) [Parana] and Nilson Gibson (PMN-PE) [National Mobilization Party-Pernambuco]. The latter two are standing out for making an effort to have Congress close ranks on nearly all the amendments that are being voted on in the CCJ. "Vote in favor, and soon you will see how Congress will be shut out," Peres boasted.

Once the voting session ended and the result of 25 votes to 24, with one abstention — that of CCJ Chairman Roberto Magalhaes (PFL-PE) — was announced, Deputy Paulo Delgado (PT-MG) [Workers Party-Minas Gerais] shouted: "Justice has been obtained; not even Prime Minister Margaret Thatcher managed to pass such an article in the British Parliament." Deputy Marcelo Deda (PT-SE) [Sergipe] applauded Delgado: "Welcome to radicalism," he said. Being a member of an opposing faction within the PT, Deda did not like what he heard and said: "Radicalism is nonsense, just like this government article."

Deputy Luiz Carlos Santos (PMDB-SP) [Sao Paulo], government leader in the Chamber of Deputies, believes that the defeat of the article which facilitated the privatization process did not affect at all the plans of Planalto Palace. "The most important issue was the suspension of labor stability, the end of the equal salary treatment and single juridical system, and the approval of a salary ceiling, which we already managed to pass," Santos said. [passage omitted]

Ukrainian President Arrives in Brasilia

PY2510115495 Sao Paulo AGENCIA ESTADO in Portuguese 1103 GMT 25 Oct 95

[Report by Rosana de Casia]

[FBIS Translated Text] Brasilia, 25 Oct (AE) — President Fernando Henrique Cardoso will meet at 1000 today with Ukrainian President Leonid Kuchma, who arrived in Brasilia early this morning. In the afternoon, Cardoso will discuss the agrarian reform issue in separate meetings with Espirito Santo Governor Victor Buaiz, with Mato Grosso do Sul Governor Wilson Barbosa Martins, and with Dom Lucas Moreira Neves, president of the National Conference of Brazilian Bishops (CNBB). Tonight, Cardoso will host a dinner at Itamaraty Palace for the visiting Ukrainian president.

Signs Cooperation Agreements

PY2510203195 Madrid EFE in Spanish 1413 GMT 25 Oct 95

[FBIS Translated Text] Brasilia, 25 Oct (EFE) — Brazilian President Fernando Henrique Cardoso and Ukrainian President Leonid Kuchma today spoke in Brasilia about the importance of opening new spaces for the relations between the two countries and between Latin America and the countries of the former Soviet Union.

Government sources explained that the two presidents viewed possibilities for exchanges, cooperation, and investments. They likewise discussed the present world situation.

After the meeting, the presidents signed a friendship and cooperation agreement, a trade agreement, and other documents that will mark the beginning of a new bilateral relationship, not only in trade but in the field of education and scientific and technological exchange, among other areas.

Ukraine offers Brazil advanced technology and equipment from its military industry which has been converted to civilian production. Ukraine has likewise proposed cooperation in several space research programs.

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Brazilian authorities have expressed their interest in cooperating in the field of metalworks, energy, transportation, informatics, the food industry, medicine, and ecology.

Diplomatic sources said that the Ukrainian president today began, in Brasilia, an official tour of Brazil, Argentina, and Chile, which reflects his administration's interest in seeking new spaces outside the scope of Russia.

Holds News Conference

PY2510234895 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 25 Oct 95

[Report by Salete Sobreira in Brasilia]

[FBIS Translated Text] The new Ukrainian constitution could be based on the 1988 Brazilian Constitution. This will be proposed by Ukrainian President Leonid Kuchma to his Congress. During a news conference granted this afternoon at Itamaraty, the Brazilian Foreign Ministry, Kuchma said that the main problem in his country is the reform of the political system. One of his concerns is to prevent one government branch from intervening in the jurisdiction of the other.

Kuchma said that the new Ukrainian constitution, which will be ready in six months, follows the typical model of a modern European country. According to Kuchma, the new Ukrainian constitution foresees strong executive and legislative branches and an independent judicial system.

Before visiting Itamaraty, Kuchma paid a protocol visit to Federal Supreme Court Chairman Sepulveda Pertence, to whom he posed questions regarding the Brazilian judicial system. Kuchma told journalists there that he expects to convince the Ukrainian congressmen to include in the new constitution the operational mechanisms of the Brazilian judicial system. He also said that Ukrainian congressmen travel a lot to other countries to study their experiences in order to draft their own constitution, and that he intends to suggest that they visit Brazil.

Terms of Administrative Reform Analyzed

PY2410224695 Sao Paulo AGENCIA ESTADO in Portuguese 1853 GMT 24 Oct 95

[By Miriam Moura]

[FBIS Translated Text] Brasilia, 24 Oct (AE) — The agreement negotiated by Administration Minister Luiz Carlos Bresser Pereira and allied leaders over the administrative reform has two basic points. The end of job stability will come into force, in practice, after promulgation of the amendment. The dismissals that governors and mayors will order before 31 December 1998 — in keeping with the terms of the Rita Camata law, limiting to 60 percent the use of budget funds for payroll expenses — will compulsorily affect employees without job stability. Despite this, such dismissals will be based on "impartial criteria" to be outlined in a supplemental law.

From the viewpoint of the government, the negative point of this agreement is that investment by governors will be limited to 40 percent of the budget. The reason for this is that if the text is approved by Congress, compulsory cuts will apply to the states that have reached the 60-percent ceiling. If a governor wants to increase investment and further reduce the payroll, he may dismiss employees for "poor performance," as is established in the original text of the government proposal. If approved, this condition will give governors a chance to break — in the future — the 40-percent investment limit. Last week, before the agreement was negotiated, Bresser emphasized that this condition, rather than the excess of personnel, was the essential point for the government.

Yet in order to enforce dismissals because of "poor performance," the governor will have to prove that the civil servant is relapsing, through an administrative procedure in which the civil servant will be given broad chances to exercise his right of defense. The criteria for dismissing a civil servant for poor performance may be included in the supplemental law or in another federal law, to be approved by Congress after promulgation of the amendment.

In the opinion of the government, the meeting with leaders in the evening of 23 October served for drawing up a text that may prevent or reduce — during the entire special committee debate on the amendment's merit — reactions from lawmakers opposing the end of job stability. For the government, the most positive point is that the "safeguards" to prevent political harassment will be included in the supplemental law, outside the Constitution. The text of the agreement that the minister submitted to the leaders included the safeguards. From the the beginning, everyone agreed that the safeguards should be included in laws outside the Constitution. This reduced the text of the agreement submitted by Bresser by 50 percent. The topics that were included are of a general nature, such as payment of compensation, elimination of positions, and a prohibition for four years against recreating jobs that have been closed.

The government believes that negotiations over safeguards have reduced the tension among lawmakers. Dismissal criteria were designed, according to the government, to prevent governors from promoting political ha-

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rassment. They include data such as civil servants' age, seniority, and remuneration, and may be used jointly or separately. "Before you decide who you will dismiss, you have to establish the criteria to be adopted, in order to prevent political harassment," a government source said.

Text

In the evening of 19 October, when Inocencio Oliveira (PE) [Pernambuco], PFL [Liberal Front Party] leader in the Chamber of Deputies, proposed linking the dismissals with the 60-percent ceiling established by the Camata law, Bresser Pereira and his technical team started working on another text. The proposal by Oliveira was not good for the government for two reasons: It limited dismissals of civil servants without job stability, while also reducing — based on current rules — the number of civil servants who could be dismissed.

Bresser learned about Oliveira's proposal on 20 October. As of that date, he started debating on the text, over the phone, with his team, which was in Brasilia. The "Bresser group" is coordinated by State Reform Secretary Angela Santana, who heads a team of four specialists — lawyers and public management specialists. The final text was drawn up by Paulo Modesto, a legal adviser to the ministry who is also a lawyer and a professor of law at Bahia Federal University. Modesto listened to the minister's impressions and modified the text. Yet the final text, in the version that was released to the press, was finalized during the meeting with the leaders.

One of the victories to which the federal government may resort for negotiating the text in the special committee is that, under the terms of the agreement, the Union may not enforce cuts now, because only 32 percent of its budget is currently used for payroll expenses. "The federal government will remain outside the dismissal process," a government source said. "Minister Bresser would have preferred more effective dismissal regulations," the source added, noting that "politics is the art of what is possible."

Demonstrators Against Reform March on Government House

PY2610020395 Sao Paulo AGENCIA ESTADO in Portuguese 2339 GMT 25 Oct 95

[FBIS Translated Text] Brasilia, 25 Oct (AE) — Planalto Palace today was almost invaded by Public Servant Union members who were protesting the constitutional reforms approved by Congress. The 50 military policemen guarding Tres Poderes Square and the Planalto Palace security guards were insufficient to control the nearly 1,500 demonstrators who attempted to march on the palace. At around 1230, demonstrators shook, kicked, and hit with their fists the car of Agriculture Minister Jose Eduardo Andrade Vieira, as he was leaving Congress.

The aggression irritated the minister, who, since his designation, has used his own private car — an Omega Suprema with license plates from Curitiba — to drive on Brasilia streets. The minister, who was sitting in the front seat of the car, was not injured, but witnessed acts of aggression against another car nearby. Despite the fact that it bears no official license plate, Andrade Vieira's car can be easily recognized. Hanging from the driver's mirror is a miniature of the hat that became his trademark and that earned him the nickname of Ze do Chapeu.

In the vicinity of Planalto Palace, the confusion began barely 10 minutes after President Fernando Henrique Cardoso said good-bye to Ukrainian President Leonid Kuchma at the Planalto Palace ramp. In order to guarantee the visitor's security, the ministries esplanade was closed to traffic for more than one hour. All cars were forced to detour near the entrance to Congress, 500 meters from Planalto Palace.

As soon as the visiting president left Planalto and the security measures were lifted, a crowd of demonstrators coming from all sides started heading for Tres Poderes Square. Frightened, Planalto Palace guards tried to control the demonstrators, who managed to take control of the street in front of the Palace, leaving only one lane for cars. Some demonstrators attempted to take to the Palace's side street, but were stopped.

Street children ended up in the middle of pushing demonstrators and policemen. The group, waving placards and banners against the constitutional reform and demanding land reform, shouted slogans, booing and scolding the president. The demonstration lasted only 20 minutes. The crowd then headed for the area near Congress.

Concentrating on internal activities, Administration Minister Luiz Carlos Bresser Pereira, the main administrative reform sponsor, ignored the demonstration. The ministry building was one of the demonstrators' gathering places. The minister, however, was not affected. He even made some tolerant remarks on the reaction of and events led by the public servants' leaders. According to his advisers, Bresser Pereira believes that the public debate on the proposals submitted to the Constitution and Justice Committee will ultimately allay the public servants' fears about implementation of the administrative reform.

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Committee Approves Salary Ceiling Proposal

PY2610024995 Sao Paulo AGENCIA ESTADO in Portuguese 0000 26 Oct 95

[By Miriam Moura and Beth Cataldo]

[FBIS Translated Text] Brasilia, 25 Oct (AE) — The Constitution and Justice Committee (CCJ) of the Chamber of Deputies today approved the original text of the government proposal setting the salary of the president of the Republic — currently at 8,500 reals — as the ceiling for the remuneration of active and retired public servants. If the text of the proposal is not modified by the special committee that will analyze the merit of the amendment, no employee of the federal government, state-run enterprises, and state foundations of the three branches of government (Union, states, federal district, and municipal districts) will earn more than the salary earned by the president.

The text proposed by the government uses the expression "of any type," which encompasses all types of remuneration, fringe benefits, additional earnings, etc. If the amendment is approved with this text, the state governors whose current nominal salaries surpass that of the president will see their salaries reduced. State constitutions will also have to be amended in order to be adjusted to the new text of the federal Constitution.

In his report, CCJ rapporteur Prisco Viana (PPB-BA) [Brazilian People's Party-Bahia] this evening warned that this represents the end of the federal autonomy and the autonomy of the government branches. He nonetheless withdrew the sub amendment that considered unconstitutional the initiative of the executive branch. According to him, the special committee will now have to adapt Article 37, paragraph XI, of the Constitution, which currently foresees ceilings within each government branch. In the case of the executive branch, the wage limit for federal employees is that of a minister of state, that is, 8,000 reals. The government proposal suggests that this article be placed as article No. 250 under the Section of General Constitutional Dispositions.

The following is the text of Article 250 of the amendment of the administrative reform approved today by the CCJ: "Public servants, either on active duty or retired, and direct or indirect federal, state, municipal or Federal District administration pensioners cannot receive from the Treasury salaries or pensions of any type or fixed earnings in kind higher than that of the president of the Republic described in paragraph VII of Article 49."

Cardoso, Serra on Need To Extend Social Emergency Fund

PY2610103195 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 25 Oct 95

[FBIS Translated Excerpt] [Passage omitted] President Cardoso today spoke about the Social Emergency Fund. According to him, the extension of the Social Emergency Fund is essential for the stabilization of the economy.

[Begin Cardoso recording] The Social Emergency Fund is equivalent to the real. That is, either we have a Social Emergency Fund or the budget will not be balanced and inflation will be out of control. Do you think Congress will oppose the stabilization of the economy? Do you think Congress wants the workers' wages to again be eaten up by inflation? Congress will not allow this. It will vote in favor of the extension of the Social Emergency Fund, which has proven to be useful and beneficial for the states and municipalities, and particularly for the poor. [end recording]

Meanwhile, Planning Minister Jose Serra today said that 3.8 billion reals will have to be cut from the budget if the extension of the Social Emergency Fund is not approved by Congress. For Minister Serra, the ideal would be for the Social Emergency Fund to be extended for four years. However, he admitted that the administration will accept a two-year extension, as proposed by bill rapporteur Ney Lopes.

Minister Serra said today in Congress that the administration will close the year with a fiscal balance. According to him, the administration is firm in maintaining a balanced budget and avoiding a deficit, which, according to him, greatly influences the stabilization of the economy. He reasserted the government's commitment to the stabilization of prices.

Government Seeks To Create Agency To Control 'Dirty Money'

PY2510125795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Oct 95 Section 1 p 5

[Article by Liliana Lavoratti]

[FBIS Translated Text] The government wants to create an agency to monitor the operations of the financial system. The agency will be concentrated in the Central Bank and will keep track of the "dirty money" operations conducted by organized crime, particularly drug traffickers, in Brazil.

The agency will also make it possible to maintain better control over the illegal entry of dollars into Brazil, or

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their remittance abroad, through the nonresident current accounts known as CC5's.

The Federal Police is investigating the participation of several banks in these illegal operations. The CC5 accounts allow transactions to be conducted without further identifying the origin of the money. Thus, resources resulting from criminal activities are legalized.

A bill being drafted by a special commission headed by Civil Household Chief Clovis Carvalho is also classifying money laundering as a crime and seeking to include it in the Brazilian laws. The idea is to punish not only those directly responsible for money laundering, but also those who cover up these criminal operations.

The main punishment would consist of six to 20 years' imprisonment. The bill also holds responsible for the crime of money laundering or other related crimes the banks, their directors, their owners, and clerks who participate in this sort of activity. The penalties contemplate fining the bank or even suspending its banking activities.

The bill establishes that the banks are obliged to denounce to the agency all suspect operations such as, for example, "operations in a certain current account consisting essentially of transfers of large amounts of money from or to foreign countries, whenever the activities of the account-holder do not seem to justify the operations in question."

In order to open and operate bank accounts, the enterprises will have to present statutes proving that the enterprise indeed exists. The government wishes, thereby, to reduce the number of ghost accounts, as well as the number of other mechanisms that facilitate money laundering.

Control over operations that are apparently not linked to money laundering will also be more strict. The idea is to demand that the banks keep registries allowing supervision of transactions made involving amounts surpassing a preestablished ceiling.

Financial institutions that fail to comply with these demands can be fined, temporarily forbidden to operate, and even definitively prohibited to operate on the market.

Another measure contemplated in the bill is to ease bank and fiscal secrecy in investigations conducted by the agency with a view to monitoring the financial system. In addition to the Central Bank, the agency will also include the Federal Police and Federal Revenue.

According to a report by the gubernatorial commission, it is estimated that of the overall financial operations conducted in the country — which total $3.480 trillion per year — $490 billion are of suspect origin. The data has been investigated by the Federal Revenue Secretariat and the Central Bank.

The bill also states that "the current laws and the economic stability resulting from the implementation of the Real Plan will transform Brazil into a center of criminal organizations whose operations will go unpunished, in view of the secrecy accorded by the current laws."

The bill also contemplates making it mandatory to decare all foreign capital exceeding $10,000 that enters the country. Currently, the sole requirement is that foreign capital exceeding this amount must enter the country only through the financial system.

The bill is based on the OAS's "Model Rules for Money-Laundering Crimes Linked to Drug Trafficking and Other Related Crimes." These rules were approved by the OAS member countries in 1992.

BC President Loyola Opposes Discontinuation of CC5's

PY2510180095 Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Oct 95 p 14

[FBIS Translated Text] Brasilia — During his pronouncement on 17 October before the Chamber of Deputies Financial System Special Committee, Central Bank [BC] President Gustavo Loyola said the so-called CC5 [Circular Letter Number 5] accounts [current accounts held by nonresidents in Brazilian banks] should not be eliminated. The Federal Revenue believes the CC5 encourages dollar flight.

Loyola criticized the slowness of the courts and asked congressmen to swiftly end bank secrecy. He said: "The CC5 is not related in any way with dirty money."

He said that this instrument has made it possible to identify probable irregularities. "Without the CC5, none of the reports in the newspapers could have been investigated," he said referring to illegal remittance of Brazilian money abroad by enterprises.

Loyola protested the slowness of the courts in authorizing the lifting of bank secrecy. He added: "There must be mechanisms to lift bank secrecy in criminal cases." Loyola said the lifting of bank secrecy cannot be uncontrolled.

The congressmen did not criticize Loyola's pronouncement. Deputy Zulaie Cobra (Brazilian Social Democracy Party - Sao Paulo) urged the BC president, however, to solve the problem of the Banespa [Sao Paulo State Bank] trusteeship. Loyola reported that soon there will be a solution to the Banespa issue. "The BC does

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not manage banks," he said, asserting that the solution involves rescheduling Sao Paulo State's 13-billion real debt with the bank. He added: "This debt must be paid whether the bank is privatized or not."

Loyola again defended the idea of privatizing the bank. He pointed out, however, that this is his personal opinion. He said: "The final decision will not be in my hands." Loyola said no one is interested in purchasing the bank yet. The BC president believes, however, that people will only become interested in the bank after the privatization process begins.

During his pronouncement before the Financial System Special Committee, Loyola defended the need to transfer to the courts the out-of-court liquidation of banks. He said: "The BC will run the first stage of the trusteeship, but the courts will handle the liquidation."

The BC president also supports the idea of modifying the rules for bank auditing, because he deems the current ones defective. The last balance sheet of the Economic Bank, for example, was approved by the auditors. Not long after that, the bank came under trusteeship.

Cardoso Discusses Investment in Telecommunications

PY2510175895 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 24 Oct 95

[FBIS Translated Excerpt] President Fernando Henrique Cardoso has announced a program to place Brazil among the most advanced nations in the area of communications. Cardoso said this morning during his radio program entitled Word of the President that the government will invest almost 40 billion reals over the next four years.

[Begin Cardoso recording] The telecommunications and post office expansion program will begin in November. We will invest 39 billion reals in this program before 1999, thus placing Brazil among the most advanced countries in the area of telecommunications and mail services. We will prioritize public services. [end recording]

One of the goals of the new program is to increase the number of public telephones nationwide to 800,000.

[Begin Cardoso recording] We now have 370,000 public telephones nationwide. This is still very few if we consider they represent the only telephone service to which low-income people have access. As a result of the new investments, Brazil will have 800,000 public telephones before 1999. [passage omitted] [end recording]

The government is developing other telecommunications projects to benefit low-income people. One of these projects is the so-called virtual telephone system. President Cardoso explained this system:

[Begin Cardoso recording] If you are a carpenter, a plumber, a seamstress, or work in freight services and do not have the money to have a telephone line, you can rent a virtual telephone service. This service is like a post office box, which receives messages. [passage omitted] [end recording]

The president said these projects can now be implemented following the end of the telecommunications monopoly. Cardoso said private companies can now invest and the government will assign more resources to the public telephone system.

Lampreia Views Country's Position on UN Reform

PY2510165095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Oct 95 p A1

[Commentary by Foreign Minister Luiz Felipe Lampreia: "Brazil and the UN Reform"]

[FBIS Translated Text] In my speech at the opening of the UN General Assembly I evaluated the positive role played by the United Nations over the last 50 years and its prospects for implementing reforms appropriate to the changes that have been occurring on the international scene and to the new challenges posed by the post-Cold War world. As a paradigm of these reforms I pointed out the imperative need to improve the level of quality of the UN Security Council (CSNU).

Understandably, because the reform issue has been recurrent in practically all the speeches of the opening session, the media lead [preceding word in English] was the Brazilian aspiration of occupying a permanent seat in a reformed CSNU. Among the objectives of my speech were: First, to make clear that we support a CSNU reform seeking to increase the council's effectiveness and authority in order to allow it to work better in favor of international peace and security. This work must be based on a greater representativeness and the legitimacy of the council's members — be they permanent or not. The second objective was to reiterate Brazil's willingness to cooperate with the CSNU, if asked to. This is the core of the Brazilian position regarding the CSNU reform. The CSNU will again hit the newspaper headlines next week, when the chiefs of state and of government of more than 180 countries, including President Fernando Henrique Cardoso, will meet in New York for the official celebrations of the UN 50th anniversary.

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In order to clearly understand the reach of the Brazilian position regarding this issue, it is important to explain the following basic points:

— Before discussing which countries would possibly occupy new permanent seats on the CSNU, the United Nations must define the configuration it wants to give to an expanded CSNU.

— In order to ensure that the reform will make sense, the effectiveness and authority of the CSNU must be improved by making the council more representative and preserving its ability to take action. It is not desirable to implement just any sort of reform that might even hinder the CSNU's action;

— Brazil does not want to generate or fuel controversy or competition with its partners regarding the CSNU reform; we are so interested in maintaining bilateral relations with some countries that it would be inadmissible to allow the reform issue to hamper these relations in any way.

— The CSNU reform cannot overlook the need to reform the entire UN system in order to make it more effective. There are several interesting proposals for the reorganization of certain UN bodies, for an improved use of UN resources, and for concentrating UN efforts in basic areas.

— Brazil, as the 10th [biggest] UN contributor, is not alienated from this process and supports a UN reform that makes the United Nations more flexible and less bureaucratic.

— We are especially concerned with improving the area of peace operations, the importance of which has been continuously increasing.

It is also necessary to remember that although the reform issue was the central topic of the 50th anniversary celebrations, the United Nations are facing an unprecedented financial crisis, which is due to the huge debts accumulated by the member countries (be it a result of financial difficulties or of a policy of intentionally seeking to retain payments in order to force changes in the percentage of contributions). The New York meeting is a special opportunity for the countries that have duly paid their contributions — which fortunately, and as a result of a good policy, includes Brazil — to urge the countries in debt to show their political goodwill and their compromise in making the United Nations more financially sound by paying their contributions that are due. Without that, reform proposals, expressions of support, and praises of the United Nations will be merely words that the New York autumn wind will carry away.

Police Investigate Acre State Governor's Activities

PY2510213195 Rio de Janeiro O GLOBO in Portuguese 23 Oct 95 p 7

[Article by Ascanio Seleme]

[FBIS Translated Text] Rio Branco, Acre — As if corruption charges were not enough, Acre Governor Orleir Cameli will also have to explain a few other things to the Federal Police. Cameli is being investigated by the Strategic Affairs Secretariat (SAE). Two weeks ago he admitted to the Federal Police that he asked the U.S. Embassy for a visa for pilot Mauro Olivier de Castro, who brought from Miami a 727-200 Boeing that was subsequently confiscated by the Federal Revenue Service in Cumbica, Sao Paulo. Castro is married to Samia Haddock Lobo, who was arrested last year in Tocantins during a raid in which the police which made the largest seizure ever of cocaine in Brazil: 7.2 tonnes.

Acre Federal Police sources said Castro is being investigated for drug trafficking. His link to the Cameli family increases the Federal Police's suspicions of a link between Cameli and Colombian drug cartels. The Federal Police said the Boeing confiscated in Sao Paulo is also of dubious origin. The Federal Revenue Service is investigating the company that hired the plane: IAL Aircraft Holding, which is headquartered in Miami and has an office in Panama.

The Federal Police intend to use the deal the governor meant to close with the Colombian company Mobil Ami to investigate links between the Cameli family and drug trafficking. According to the letter of intent signed by Cameli and Mobil Ami representatives, one third of Acre State territory would be the guarantee for an $165 million loan. Interpol told the Federal Police that Mobil Ami is a "front" company that launders drug trafficking money.

"They are saying I plant cocaine. That is so foolish it deserves no comment," Cameli said.

The governor cannot be accused of planting cocaine because that is a product of refined coca and epadu. Nearly five years ago, the Federal Police burned 55,000 epadu plants on a Kampa Indian reserve in northern Acre State during an operation in which the Cameli family was investigated for illegally cutting down trees in the reserve and treating rubber latex extractors as slaves. The Federal Police say that, technically, there is no evidence against Cameli.

One Federal Police agent said: "All that is known is that the epadu was planted in an area very close to the one he illegally cleared of trees."

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The Federal Police said that following the collapse of the Medellin Cartel in Colombia, Acre and Rondonia States have been used to refire cocaine. These two states, which are old cocaine-export corridors, now also serve to produce drug. The Federal Police say the laboratories continue to be controlled by Colombians who maintain figureheads in Brazil with enough authority to protect their bases.

Chile

Canada, U.S. To Hold Talks on Country's NAFTA Entry

PY2510133795 Santiago EL MERCURIO in Spanish 23 Oct 95 pp A1, A15

[Article by Special Correspondent Maria Jose Errazuriz]

[FBIS Translated Text] New York — The Canadian Government will conduct a number of negotiations with its U.S. counterpart in an effort to convince the U.S. Congress to keep negotiating the "fast track" treatment for Chile's entry into NAFTA.

The government contacts announced by Canadian Prime Minister Jean Chretien to Chilean President Eduardo Frei during a bilateral meeting they held here are based on the Canadian concern over the negative impact the delay of this process could have on the Hemispherical economic opening.

The two chiefs of state discussed the effects the withdrawal of the budget law would have on the approval of the "fast track" treatment in the U.S. Congress, which could imply that discussions could be delayed indefinitely.

Yesterday, within the framework of the UN 50th anniversary, the Chilean president met with the prime ministers of Canada and Belgium to review the talks being held with the three NAFTA members and with the European Union.

On this occasion, President Frei also assessed the strengthening of bilateral relations with those two nations and that in the Canadian case, they will try to strengthen their relations in view of the possible delay Chile will experience concerning its possible entry into NAFTA.

Frei expressed satisfaction over the results of the two meetings and said that next year he will make an official visit to Canada with an entrepreneurial delegation.

The Chilean president yesterday reaffirmed that the possible meeting with President Clinton has not yet been confirmed. He said that yesterday he greeted Clinton who thanked him for the warm treatment his wife Hillary received during his recent visit to Chile.

The bilateral meeting with Canada's Chretien was held at the United Nations Plaza Hotel, where Frei is staying, when they discussed the setback the "fast track" experienced in the U.S. Congress.

This authorization for the Clinton administration to negotiate commercial agreements with other countries is essential for Chile to keep ahead in this process. If Clinton does not obtain this authorization, any agreement between the two governments could be rejected by Congress, and for this reason Frei has reaffirmed that without fast track, negotiations will not continue.

Frei added that Canada is Chile's great friend and has strongly "pushed" the integration process with NAFTA, something which was verified for being the promoter of the invitation that was made to the government in December 1994.

He said he explained to Chretien that Chile is available to fulfill all deadlines of the negotiations, but explained that his government was not in a position to continue the talks if Clinton does not have the authorization.

"We are going to keep working. Both Mexico and Canada strongly support Chile's entry into NAFTA. They understand our position that negotiations rules must be established to keep progressing," he said.

The Chilean president added that the prime minister is aware that Chile's entry will be a sign for the entire hemisphere that there is progress toward the achievement of a free trade zone by the year 2005, as agreed upon during the Miami Summit in December 1994.

Frei added that Chretien will conduct negotiations with U.S. officials to keep promoting this negotiation because he "clearly" feels that if the process is postponed until 1997, a negative sign would be given to the rest of Latin America.

Concerning bilateral matters, Canadian investments surpass $1 billion and there is interest in strengthening relations at all levels. Chretien has reaffirmed the invitation to Frei to visit Canada next year accompanied by an entrepreneurial delegation.

Frei's first bilateral activity was the meeting he held with Belgian Prime Minister Jean-Luc Dehaene at the UN building. There he analyzed the bilateral agenda, especially referring to trade increase between the two countries.

He added that there is a desire to make joint investments and so he reaffirmed the Chilean Government invitation to visit our country in 1996. Dehaene will make a tour of some Latin American countries.

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Concerning negotiations with European Union [EU], Frei said the Prime Minister strongly supports the signing of an economic supplementary agreement that will strengthen relations of cooperation which are currently in effect.

Dehaene consulted Frei about the latest talks held with the EU and Mercosur [Common Market of the South] during the Bariloche summit and about EU Vice President Manuel Marin's visit to Chile.

After this, Frei went to the house of Juan Somavia, Chilean ambassador to the United Nations, where he met with several media representatives. He talked with reporters from the LOS ANGELES TIMES, THE ECONOMIST, DOW JONES, EL PAIS, and CNN.

According to what he told Chilean media afterwards, the reporters focused their questions on the democratization process, the end of the Contreras case, the reconciliation proposal, and current international economic negotiations.

Concerning the Contreras case, Frei admitted that his Latin American colleagues told him that the end of the Contreras case will yield positive results for his government.

Frei also expressed his impressions of the special UN assembly, stating that because a number of meetings and interviews he could not listen to all speeches.

Concerning President Bill Clinton's proposal, however, he said that in some aspect it was positive, although he explained that he does not agree with everything he said on world problems. He said that the antidrug war cannot be waged by only attacking drug production, but also seeking to reduce the consumption demand.

Frei also referred to the speech he will deliver at the plenary session on 24 October, stating that he will again explain the Chilean position on nuclear tests that some countries are carrying out. He said he will insist on the theory of establishing an immediate moratorium on the proliferation of nuclear weapons.

President Calls For Nuclear Test Ban in UN Speech

PY2510125695 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1000 GMT 25 Oct 95

[FBIS Translated Text] Chilean President Eduardo Frei addressed the UN General Assembly [UNGA] yesterday. In his speech he made an appeal to fully ban nuclear tests.

Frei attended the luncheon hosted by the UN secretary general to the heads of state and government who participated in the last part of the special meeting to celebrate the UN's 50th anniversary. Among 85 guests, Frei Ruiz-Tagle sat at the table of host Butrus Butrus-Ghali.

President Frei addressed the UNGA at 1815. During his five-minute speech, he said that the UN has helped prevent the spreading of wars, to regulate the conflicts between the northern and southern hemisphere, and has strengthened international cooperation.

[Begin Frei recording] The UN has greatly contributed to promote and respect human rights and, consequently, to democracy and its practice. In truth the universal consolidation of the human rights principle represents mankind's most important achievement during the 20th century that it will bequest, as its most cherished legacy, to future generations.

I wonder whether it isn't time to propose new tasks for the United Nations. I make this proposal in the form of a question, with the simpleness of a young and emerging nation. In the peace field, I believe the United Nations must strengthen its capacity in the preventive diplomacy area, establish a complete ban on nuclear tests, because if we are willing to sign the nonproliferation treaty it means we do not want any more nuclear tests that are a threat to our countries and the entire world, and continue working to promote cooperation as a means to strengthen world peace. [end recording]

The chief said that it was, morally and politically, necessary to tackle the poverty problem that affects one fifth of the world population.

President Frei ended by stating that the future of the United Nations must be characterized by placing emphasis on human development, the preservation of the environment, and the consolidation of peace.

Opposition on Foreign Policy Failures, Need For Change

PY2510143895 Santiago Television Nacional de Chile Imagen Internacional in Spanish
1000 GMT 25 Oct 95

[FBIS Translated Text] The National Renewal Party [RN] and the Independent Democratic Union [UDI] have demanded that the government change its foreign policy because they believe the two Coalition of Parties for Democracy [CPPD] administrations have only achieved failures.

Headed by Andres Allamand, RN leaders believe that over the past few weeks Chilean foreign relations have experienced a real Black October. They cited recent negotiations that have ended negatively, among others, those for Chile's entry to NAFTA, the case of the

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alleged cyanide-laced grapes, and the ruling on Laguna del Desierto.

[Begin Allamand recording] During these CPPD administrations Chile has registered one failure after another. We have never, at least theoretically speaking, had a more auspicious international scenario or prospects. Frankly, never have things turned out so badly for Chile. [end recording]

The UDI also demanded an overall revision of the foreign policy.

[Begin UDI Senator Hernan Larrain recording] Thus, changes, innovations, joint reactions are necessary in view of these failures. The time has come to replace those policies that only seek praise for achievements in the foreign field. [end recording]

Foreign Minister Jose Miguel Insulza said that during the coming hours he will respond to these criticisms. He mentioned the studies by the UDI and RN to request his impeachment over the Laguna del Desierto case.

[Begin Insulza recording] The song by Pedro Vargas that talks about constantly threatening to leave is appropriate here. The have threatened, time and again, to press charges against me but have still done nothing. For the past two weeks I have been awaiting something and this is not good for the country, I would say. These gentlemen should say, once and for all, what they are going to do and not delay this matter. I believe the main reason is that their charges are groundless and they are simply trying to delay the subject. Therefore, if they do press charges I will, naturally, defend myself. I will also defend what former President Patricio Aylwin did on this subject. If they do not intend to proceed they should end the matter. [end recording]

Amnesty Law Applied in Missing Detainees Cases

PY2610113795 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 26 Oct 95

[FBIS Translated Text] The president of the second chamber of the Supreme Court in charge of penal cases has confirmed the decision to enforce the amnesty law in those cases of missing detainees whenever pertinent.

The chamber presided over by Judge Roberto Davila yesterday enforced the amnesty law in four cases involving missing detainees. The same chamber enforced the prescription of the punishment in two other cases.

It is expected that tomorrow the court will also enforce the amnesty law in two other cases. One of them involves the case of MIR [Movement of the Revolutionary Left] leader (Lumi Videla), whose body was thrown onto the grounds of the Italian Embassy in 1974.

[Begin recording] [Davila] In view of the fact that this chamber is comprised of absolutely responsible judges, I believe that this is the criteria that will prevail in this penal chamber.

[Unidentified reporter] What will happen, then, with the draft bill submitted by President Frei on the cases of missing detainees?

[Davila] This is an issue that it is not within our competence for the time being. We cannot meddle in the affairs of the executive or legislative branches. They will know how to handle this situation, which, moreover, at a given time everyone contended should be exclusively resolved by the Supreme Court, even though some cases do demand special interpretations of the law.

I personally believe that as things stand now, there will not be any problem in the future to enforce the amnesty law.

[Reporter] Does this have anything to do with the fact that General Manuel Contreras is at the Punta Peuco prison right now?

[Davila] Please don't correlate any ruling issued by the second chamber of the Supreme Court with that case. There is absolutely no connection. [end recording]

Correction: Insulza on Loss of Laguna del Desierto

PY2410211195

The following correction pertains to the item headlined "Insulza on Loss of Area: 'Historical Process'," published in the 24 October Latin America DAILY REPORT, pages 66-67:

Page 67, column one, fifth paragraph, only sentence make read: ...quite likely the appeal was weak and poorly written, but that the mistake was in allowing it to be submitted that way. [new paragraph]

In this regard... (rewording for clarity)

Colombia

Prosecutor General's Office Arrests Cartel Leader's Sister

PA2510151095 Santa Fe de Bogota EL TIEMPO in Spanish 22 Oct 95 p 19A

[FBIS Translated Text] The search for Helmer "Pacho" Herrera was firmly resumed yesterday with the arrest of Stella Herrera Buitrago, his sister, and the announcement that the Prosecutor General's Office has also ordered the arrest of the mother and brothers of the Cali Cartel's fourth ranking man.

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Yesterday, the Search Bloc, Police unit, arrested Stella Herrera at a residence in Cali located on 1B West Avenue, No. 1-44. The Regional Prosecutor's Office has filed action against Stella Herrera on charges of illegal enrichment and acting as a front.

Stella Herrera's arrest took place at 0715 in the morning and even though there were rumors that she would be transferred to Santa Fe de Bogota, the Prosecutor General's Office decided to keep her in Cali.

According to the bulletin issued by the National Police, "the mother and brothers of the alleged drug trafficker will be arrested in the coming hours and it is likely that the Prosecutor General's Office will issue arrest warrants against some of Helmer Herrera's children."

The Police communique indicates that the following arrests would include Luz Mery Buitrago—"Pacho" Herrera's mother—and his brothers Alvaro, William, and Manuel Herrera Buitrago.

The Police informed that Stella Buitrago, 42 years of age and 1.57 tall, is married to Gilmer Antonio Galindo. Galindo was captured in New York, along with Ramiro Herrera, and was sentenced to 30 years in prison on charges of collusion to introduce cocaine into the United States. Galindo's arrest took place when he was negotiating a drug shipment.

According to the Police, Stella Herrera "acted as a front for many of the companies (that belonged to 'Pacho' Herrera), including Avicola Palmaseca, Concretos Cali, and Socovalle."

In addition, according to the bulletin, Stella "was a partner in the following companies: Inmobiliaria Gales Limitada, Comercializadora Experta y Compania en C, and Comercial de Negocios Claridad."

"Pacho" Herrera is the only member of the leadership of the Cali Cartel who remains at large. Miguel and Gilberto Rodriguez Orejuela; Jose "Chepe" Santacruz; Phanor Arizabaleta; Henry Loaiza alias "El Alacran;" and Victor Patino Fomeque [are already in custody].

The crime of illegal enrichment, the main charge against Stella Herrera Buitrago, is indicated in Article No. 10 of Decree 2266, which establishes: "The person who directly or through an intermediary obtains for himself or another person an unjustifiable increase in his assets, derived, in one way or another, from criminal activities, will receive a sentence ranging from five to 10 years in prison and a fine for a value equal to that of the illegal gain made."

This is the second time, within the framework of the campaign launched against the Cali Cartel, the Prosecutor General's Office issues an arrest warrant against the sister of one of the cartel's leaders. The first warrant issued was against Rafaela Rodriguez Orejuela, who is currently at large.

State Loss of Confiscated Properties Possible

PA2510234295 Santa Fe de Bogota EL TIEMPO in Spanish 22 Oct 95 pp A-1, A-20

[FBIS Translated Text] Due to the slowness of the justice system and a tax bill "rider," Colombia could be prevented from inheriting and capitalizing on the huge fortunes acquired through drug trafficking, activities conducted through fronts and money laundering.

If Articles 243 and 244 of the Tax Amnesty bill are approved, as included by Congress in the Tax Reform bill, they would be contributing to the legalization of goods of doubtful origin. The topic will be discussed in Congress starting 24 October.

Moreover, even though the property is being used by the state or remains frozen in the vaults of the Banco de la Republica, more than 70 percent of the property confiscated by the authorities from members of the drug cartels remains in a state of legal limbo and could be returned to their controversial owners because of the prescription of the processes.

Investigative Unit

Inside a cardboard box sealed with transparent adhesive tape and identified with the code 280, there are three diamond Rolex watches, four emerald and ruby rings, an unusual horseshoe-shaped plate, and three heavy necklaces. All solid gold.

These accessories were confiscated by members of the 13th Army Brigade in a ranch located in Pacho, Cundinamarca Department in April 1990. They are currently being kept in a Banco de la Republica vault with a symbolic value of 14 pesos.

This will be the custody price until the justice system decides what to do with them and 80,000 other items confiscated by the authorities from drug traffickers, fronts, and money launderers.

For the time being some of these confiscated items are provisionally assigned to various institutions such as the police, the Prosecutor General's Office, and the Army, but the majority of them cannot be used because of their nature—jewelry, nonnegotiable currency, porcelain, and firearms, for example—and must remain "frozen" in the vaults of the Banco de la Republica until a judicial ruling determines their fate.

According to statistics from the National Narcotics Directorate, approximately 70 percent of the confiscated

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property has been in a legal limbo for years and, therefore, there is a risk that the processes could prescribe and could force the state to return the property to the former owners.

This is not the only way the state could miss out on the "narcoinheritance." According to various tax law specialists, the drug trafficking money and property could be "legalized" if two articles of the Tax Reform bill, added by Congress to the initial bill, are approved next week.

"Narcoamnesty"

The articles that could open the door to the legalization of the property of drug traffickers, front men, and money launderers are Articles 243 and 244, which refer to taxpayers and their property.

The Investigative Unit consulted three lawyers, who are tax law experts and who asked to remain anonymous due to the delicate nature of the topic, and they all gave the same opinion.

According to the specialists, even though the new amnesty bill allows the DIAN [National Customs and Tax Directorate] to recover part of its unpaid debt, which amounts to some 200 billion pesos, the two articles could open up the possibility for illegally acquired money and property to be included in tax declarations before the Tax Reform bill goes into effect.

The only requirement is the payment of the corresponding taxes and in exchange, the taxpayer is exempt from penalties for not having previously declared the property, without having to give any explanation about its origin.

Likewise, the taxpayers, who have not yet declared some of their assets or who declared inexistent liabilities such as fictitious debts, may also avail themselves of the benefits.

According to the tax lawyers who were consulted, the problem lies in the exemption of penalties because the articles do not specify if these are financial or prison penalties and as for the way it has been drafted, he who avails himself of the amnesty would be free of penalties of any kind.

In this regard, the people who did not meet their obligation of submitting their declaration for the years 1993 and 1994 and who do it before the publication of this law, would avoid the state's verification of the information contained in the declarations.

The fiscal pardon, in addition to favoring tax evaders, would temporarily leave the DIAN auditors in charge of the verification without jobs.

According to one of the experts, "along with the one in 1986 this is one of the most generous tax amnesties that we have ever seen in Colombia. It is so generous it could equally benefit a potato grower or a front man from El Valle."

Meanwhile, Senator Luis Guillermo Velez, member of the commission studying the Tax Reforms, confirmed the risks involved in the tax initiative and said he disagrees with it. He said, however, that if this initiative is approved, taxpayers would be free of any financial penalty, but not from the prison penalties.

In this regard, Horacio Ayala, director of the DIAN, told EL TIEMPO a few days ago, when exclusively referring to the amnesty topic that "the government is not favoring any type of amnesty and we cannot justify it because we did not include it in the bill."

According to Ayala, the government cannot be opposed to the inclusion of these two articles because the Congress has the absolute freedom to make changes to these types of initiatives.

The DIAN director added that the government has the firm idea that an amnesty such as the one that has been proposed is unnecessary "but we cannot really be opposed to it."

These articles will be discussed in Congress starting Tuesday, 24 October and, if approved, an infinite amount of money and property of doubtful origin would be "cleaned" and in the hands of their now converted owners.

The Disinherited

The inefficiency in imparting justice is another flaw that could make the state lose confiscated properties. As a result of judicial slowness, for example, drug trafficker Carlos Lehder Rivas, under arrest in a jail in Florida, could recover part of the fortune worth millions of dollars confiscated by Colombian authorities more than 10 years ago.

On 25 April 1985, Military Court No. 67 in Meta began an investigation against Lehder Rivas for drug trafficking. After a year, the case was passed on to a neglectful district court, then to a higher court, and finally to a regional prosecutor's office.

A decade has passed, and yet the final sentence has not been issued; therefore, Lehder is about to recover, among other things, two large cattle farms in the eastern plains, jewelry, and $1.5 million in cash, plus $1.4 billion pesos.

Should he recover that money, the much publicized plan against drug trafficking President Ernesto Samper

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announced on 10 October would lose part of its funds. It would also affect the budget of the National Drugs Directorate.

The almost 300 million pesos per year earned through the money confiscated from Lehder have been used in the Annual Box Plan sponsored by the National Drug Directorate [Direccion Nacional de Estupefacientes—DNE] which finances programs for drug addicts, among other things.

The DNE is not the only institution that benefits from these "narco-inheritances." At least 2,000 institutions have temporarily or permanently benefited from properties or dividends confiscated from drug traffickers.

For example, a luxurious house located north of Santa Fe de Bogota, which belonged to Gonzalo Rodriguez Gacha, was given to the Eudes Foundation, for AIDS patients, cattle confiscated in farms owned by Henry Loaiza alias "El Alacran" are now part of the crop replacement program known as Plante [National Alternative Development Plan], and the sophisticated farms will be assigned to Coldeportes for sports activities.

Furthermore, the Security Fund for the judicial branch was also created with revenues obtained from money confiscated from drug traffickers, approximately 5 billion pesos. Almost all the vehicles used by official bodyguards and even by top government officials previously belonged to the Mafia. Even the refrigerator being used at the DNE was confiscated.

The slowness of justice is such that a legal case for a Dodge truck confiscated in April 1976 is still pending a resolution from the 14th Military Court in Santa Marta. Meanwhile, the truck goes from one hand to another, and there is no definition.

The ineffectiveness of justice is worse concerning confiscations if we take into consideration that according to an official from the Department of Properties of the DNE, "a penal process in Colombia takes a long time. To this we must add that judges generally rule on people and not on their properties, and subsequently the National Drugs Directorate must locate the file, ask the respective judge to revive the case, and wait for his decision."

Consequently, the luxurious farms with glass gazebos, large buildings with golden faucets and expensive and exclusive cars confiscated from certain "capos" could be returned to their original owners.

King Midas

Legislative Decree 0099 of 1991, which became a permanent law through Decree 2271 of 1991, gave the DNE the authority to assign properties, personal effects, money, shares, revenues, rights or benefits directly or indirectly linked to drug trafficking; therefore, each time a government institution confiscates assets of that nature, they are placed at the disposal of the DNE.

Afterward, the DNE decides to assign the assets or how the confiscated money will be invested. The beneficiaries are official institutions, nongovernment organizations, and nonprofit foundations that request them, or institutions the directorate believes should receive them. Those institutions include mayor's offices, universities, foundations, police stations, ministries, or even indigenous associations.

The beneficiaries can use the assets until a judicial decision is announced. Should the ruling order the return of the asset, it must be immediately turned over to its previous owner. If, on the contrary, it orders the termination of ownership, the National Drugs Directorate will make a final confiscation and ultimately assign the property.

The same procedure is followed in the case of money, and while waiting for a judicial decision, the profits earned are destined to official institutions.

Where Are Some of the Assets?

Gilberto Rodriguez Orejuela's Testament: The Army found this document on 24 August 1989 during a raid on a house located in the neighborhood of Ciudad Jardin in Cali. During the same operation, the Army also confiscated a Porsche 930 coupe car, which had to be returned to their owners along with the mansion and the testament on the grounds there was no merit to open an investigation.

Jeans and Drugs Confiscated

Half a dozen jeans were seized at Eldorado Airport with heroin camouflaged in the waistbands. Drugs were also found inside boots and zippers. The jeans were donated to a farm of Father Javier de Nicolo.

Gonzalo Rodriguez Gacha's Pistol

The U.S. made weapon, with an inlaid mother-of-pearl handle and butt with gold sides, has been in a vault of the Bank of the Republic since May 1990. Two weeks ago, one of the attorneys of the Rodriguez Gacha family asked the DNE to return the pistol, but the possibility of donating it to the Police Museum is being studied.

Some 3,000 Tons of Chemicals Seized in Jumbo

Of the total of chemicals, only 4,000 tons were turned over to the DNE, because the rest still has not been nationalized. The directorate will assign sodium carbonate to state bodies that require it for the destruction of acids.

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Carlos Lehder's Watch

The gold Rolex has been requested several times by the narco-trafficker's attorneys. The DNE never received it, however, as is established by the law, and knows nothing of its whereabouts. The UI [Investigative Unit] established that Lehder arrived in the United States wearing a Rolex.

The Serpent of "El Mejicano"

Made of gold with emerald eyes, this serpent bordered one of the hats of Gonzalo Rodriguez Gacha, alias "El Mejicano." It remains in one of the warehouses of the Bank of the Republic.

The Motorcycle of "El Arete"

The Harley Davidson has gold inlays and was assessed at 120 million pesos. By decision of the DNE, it was given to the Police Museum. Carlos Mario Alzate, alias "El Arete" has asked authorities twice to return it to him.

Editorial Warns of NAM's Anachronism, Calls For Changes

PA2510151295 Santa Fe de Bogota EL TIEMPO in Spanish 22 Oct 95 p 4A

[Editorial: "The Nonaligned Countries"]

[FBIS Translated Text] It is only fair, by principle, to recognize that Colombia's responsibilities in matters pertaining to the organization and logistics of the 11th Nonaligned Movement [NAM] Summit were duly fulfilled and that those who were in charge of the administrative affairs associated with the mobilization of hundreds of personalities, dignitaries, and delegations fully carried out their obligations. So, the applause this front had for the president of the Republic, Foreign Relations Minister Rodrigo Pardo, and summit organizer Ramiro Osorio are more than well deserved.

Today, practically all the attendants of the summit must have already returned to their countries—safe and sound—except for a few who decided to extend their stay to enjoy a Caribbean weekend. Despite the many threats against the lives of many summit participants, it must be said without reservations that the security, intelligence, and organization of the summit were also optimal.

Nevertheless and without failing to note that a multiethnic and multicultural meeting as the one that just concluded is always comforting and that this meeting gave Colombia a beautiful scenario to project abroad a good face for the country, we must not make the mistake of overestimating the meaning of what happened at the summit, nor must we overestimate the significance of having the NAM presidency.

In fact, the value of this honor is more symbolic than real, because its effective incidence on international policies is meager, particularly outside Asia and Africa. Certainly, the NAM's anachronism and the obsolescence of its deliberation methods, which lead more to rhetoric and parliamentary talk than to pragmatic negotiations, stand out.

Considering the above assertion, precisely this is why the NAM presidency poses deeply significant challenges for Colombian diplomacy and foreign policies. It is almost time to change the name of the movement, because it fails to show its meaning and the reality of today's world order, which is quite different from the one that prompted the creation of the NAM under the leadership of Tito, Nehru, and Nasser.

It would indeed make sense to change the movement into a privileged scenario to ponder on the agendas of developing countries and to determine collective positions protecting them and allowing them to develop their potentials with a view toward the global dynamics expected in the next century. This is how, for instance, it would be a great success if we could unite an acting bloc within the United Nations with a view toward its democratization and the reform processes that have been proposed in its 50th anniversary.

We could pursue other substantial achievements in the search for consensus regarding specific issues dealing with ecology; the arms race; the effective incorporation of Mexico, Argentina, and Brazil; the possibility of carrying out tangible actions in the North-South talks under conditions of cooperation, not of confrontation; or the creation of southern multinationals or multilateral organizations similar to the World Bank or the World Trade Organization for member countries.

Anyway, Colombia must avoid—we stress this after noticing a strong trend in that direction—becoming a spokesman and sterile protagonist for a contending and unmanageable third world system that will lead it to face its trading partners. It would be another catastrophe.

Ecuador

Duran-Ballen Trial for Contempt of Court Possible

PY2610024895 Madrid EFE in Spanish 1631 GMT 25 Oct 95

[FBIS Translated Excerpt] Quito, 25 Oct (EFE)—Ecuadoran President Sixto Duran-Ballen may be tried for contempt of court and impeached if he does not submit a copy of the secret decree that makes him

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the sole custodian of the documents on the discretinary funds allocated to the vice president's office which are under court investigation.

According to what Ernesto Lopez, president of the Court of Constitutional Guarantees, has told EFE, if Duran-Ballen does not submit the decree to this court, "we will have to decide whether to demand that he do so in the manner prescribed by the law, like (for example) trying him for not complying with a court request," and if it is "timely and legal," we will sentence him "for contempt of court." [passage omitted]

Ernesto Lopez added: "To sentence someone for contempt of court implies requesting the removal of any government official, not only the president. This is what we will request, and it will be up to the pertinent authority to enforce the ruling."

He stated: "In this case, and if we decide to do so, we will possibly request that Congress remove (Duran-Ballen). Therefore, it will be up to Congress to decide whether or not to impeach him."

Lopez reported that from the day he is officially informed, which will possibly be this coming weekend, Duran-Ballen will have seven to 10 days to send a copy of the document.

On 24 October the Court of Constitutional Guarantees accepted the request submitted by Deputy Italo Ordonez, from the Democratic Left Party, and Deputy Diego Delgado, from the Socialist Revolutionary Party, among others, to declare unconstitutional the secret decree issued by Duran-Ballen. [passage omitted]

Deputy Ministerial Meeting With Peru Set for Dec in Quito

PY2610010495 Quito Voz de Los Andes in Spanish 1700 GMT 25 Oct 95

[FBIS Translated Text] Marcelo Fernandez de Cordoba, Ecuadoran deputy foreign minister, has announced that he will meet in December in Quito with Jorge Voto Bernales, the Peruvian deputy foreign minister, to discuss commercial and bilateral issues.

During an interview, Fernandez de Cordoba said that the Peruvian deputy foreign minister will be in Quito on 14 December to discuss trade and bilateral issues.

Regarding Ecuadoran Foreign Minister Galo Leoro Franco's visit to Lima in January, Fernandez de Cordoba said that it seeks to discuss point 6 of the Itamaraty Peace Declaration. Specifically, they will discuss the start of the bilateral negotiations process to definitively resolve the border dispute over an approximately 70-km unmarked stretch of their common border in the Amazon region.

State of Emergency in Effect Since War With Peru Lifted

PY2510200995 Madrid EFE in Spanish 1529 GMT 25 Oct 95

[FBIS Translated Text] Quito, 25 Oct (EFE)—The Court of Constitutional Guarantees (TGC) has lifted the state of emergency that has been in effect in Ecuador since 27 January 1995 as a consequence of the armed conflict with Peru, a country with which it maintains a territorial conflict on the common Amazon border.

TGC President Ernesto Lopez has told EFE that there are no more reasons to decree the state of emergency because there are no more dangers of possible foreign military attacks.

The lifting of this measure implies that "the country will no longer be handled exceptionally because if the state of emergency is maintained there is a number of exceptional measures the president of the Republic can adopt, according to the National Security Law and the Constitution," Lopez said.

Lopez added that "once the state of emergency is lifted, the president can no longer handle the country in that manner." He added that the state of mobilization and the declaration of a security zone remain in effect in the country, the lifting of which is in the exclusive hands of the executive branch.

Ecuadoran President Sixto Duran-Ballen decreed a state of emergency one day after the initiation of the undeclared war between Ecuador and Peru over a zone of more than 70 square kilometers on their common Amazon border which has no border markers.

According to the TGC, the state of emergency is no longer in effect because the pacification process between Ecuador and Peru is progressing with no problem whatsoever.

TGC members who have made such a decision at Lopez' request said that "it is neither acceptable nor appropriate to maintain the state of emergency, because under current circumstances the people's guarantees and public liberties are jeopardized."

Ecuador and Peru comply with the Itamaraty (Brazilian Foreign Ministry) Peace Agreement signed on 17 February and ratified on 1 March in Montevideo.

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Army Chief: Peruvian Purchase of Weapons 'Unnecessary'

PY2510161095 Madrid EFE in Spanish 2348 GMT 24 Oct 95

[FBIS Translated Text] Quito, 24 Oct (EFE)—Referring to press reports from Lima on the purchase of war planes, Ecuadoran Army Commander General Paco Moncayo said today that it is "unnecessary" to purchase weapons at this moment when the pacification process is being consolidated.

Moncayo said: "If there is a solidly initiated peace process, which we hope will continue, it would be unnecessary. Any arms race under current circumstances would be disastrous for Latin American countries."

Although Peruvian President Alberto Fujimori said the rumors of materiel purchases "are just rumors," and that "said purchase would make no sense now that we are in a period of relaxation," the Peruvian press insists that the Peruvian Army is negotiating the purchase of a fleet of 12 Russian "Mig-16" [as received] aircraft.

Peru lost nine fighter planes during the undeclared war with Ecuador between 26 January and 28 February this year on a stretch of the Amazon border which lacks border markers. This war ended with the ratification in Uruguay of a peace agreement which was initially signed in Brazil.

The Ecuadoran and Peruvian Armed Forces have fulfilled the stages of cease fire, separation of forces, demilitarization of the border zone, and military demobilization specified in the peace agreement, and their diplomats are about to begin direct negotiations to achieve a definite "completion" of the border line.

Foreign Minister Concerned Over Peru's Weapons Purchase

PY2510183795 Quito Voz de Los Andes in Spanish 1700 GMT 25 Oct 95

[FBIS Translated Text] Marcelo Fernandez de Cordova, acting Ecuadoran foreign minister, today in Quito asserted that the purchase of weapons by the Peruvian Government is a matter of concern although it has been stated that they are just for replacement purposes.

Fernandez de Cordova regretted the fact that the Peruvian government is purchasing more weapons following the undeclared war waged by Ecuador and Peru on their common Amazon border according to Peruvian press reports.

The purchase of weapons is obviously worrying. Unfortunately, this is a fact that has been admitted by the Peruvian president who said that they are purchasing weapons but, according to him, merely for replacement purposes. Nevertheless, Fernandez de Cordova said, it is a worrying fact.

The acting foreign minister also noted that the agreement signed early this month in Brasilia strengthens peace between the two nations and consolidates the beginning of negotiations designed to definitely solve the border conflict. He recalled that one of the most important paragraphs of that agreement refers to the maintenance between Peru and Ecuador of a peaceful, friendly, understanding, and goodwill relations and for the need for the two countries to abstain from any act that may harm this relationship.

Congress To Install Supreme Electoral Tribunal Members

PY2510112795 Quito Voz de Los Andes in Spanish 2300 GMT 24 Oct 95

[FBIS Translated Text] The Ecuadoran Congress has charged that the executive branch has severed the current dialogue by refusing to participate in the appointment of Supreme Electoral Tribunal members, thus promoting a new confrontation between government branches.

Congress President Fabian Alarcon said: This entire dialogue process has been broken up by Carlos Larreategui, the public administration secretary general.

The entire country is aware that I have made every possible effort to work jointly with the executive branch. In view of this, I have decided that the four members of the Supreme Electoral Tribunal will be installed tomorrow.

The unicameral Congerss had requested that President Sixto Duran-Ballen propose names for the Supreme Electoral Tribunal so that Congress could proceed to elect the new members.

Duran-Ballen was supposed to send the list to Congress one year ago, but on 23 October Larreategui said this was inappropriate. Carlos Larreategui said: Not only the administration but all national sectors believe it is inappropriate to change the members of the Supreme Electoral Tribunal at this time.

Alarcon rejected the administration's position, and in view of this, he will install the new Supreme Electoral Tribunal so that they may immediately exercise their duties.

The congressional decision to appoint the members of the Supreme Electoral Tribunal without the executive branch's approval may cause a new confrontation between the government branches.

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The Duran-Ballen administration is facing a political crisis caused by mutual charges of corruption among the three government branches. These charges have resulted in confrontations between Congress and the executive branch, but after the vice president's resignation a truce was achieved to appoint his successor.

Oil Workers Lift Nationwide Strike, Return to Work

PY2610015895 Quito Voz de Los Andes in Spanish 1700 GMT 25 Oct 95

[FBIS Translated Text] Ecuadoran oil workers have declared a truce and returned to work. They may resume their strike if the government insists on privatizing the trans-Ecuadoran oil pipeline.

Union leader (?Miral Estacio) said: We inform our comrades that the strike was lifted in view of the resignation of Energy Minister Galo Abril and because the Armed Forces have stated they will defend Ecuadoran interests at the meeting during which they will discuss the extension of the pipeline.

Estacio, secretary of the Esmeralda refinery mechanics union, said that as of today, both administrative and maintenance activities returned to normal.

Former Bank Superintendent Testifies Before Supreme Court

PY2510112995 Quito Voz de Los Andes in Spanish 2300 GMT 24 Oct 95

[FBIS Translated Text] Former Bank Superintendent Ricardo Munoz said today that it was suggested to him that he destroy the microfilms containing the transactions of the discretionary funds handled by former Vice President Alberto Dahik.

Speaking before the Supreme Court, Munoz said: During a meeting held to assess the discretionary funds issue, it was suggested that I destroy the microfilms, but I do not remember who proposed this.

Munoz testified today in the penal trial against Dahik for alleged embezzlement of government funds. Munoz has been charged with obstructing justice for not handing over the microfilms during his term in office as bank superintendent.

Munoz said that several proposals were made during this meeting, such as handing over the microfilms to the Armed Forces or to the Church for their custody. He added that some had also suggested destroying them. Munoz did not supply the names of those who suggested such a thing, arguing that he does not remember them.

The Supreme Court believes it is essential to have access to the microfilms to verify the discretionary funds transactions of the vice president's office, but a presidential decree does not allow it to do so. Sixto Duran-Ballen issued a decree naming him sole custodian of the microfilms. In view of this, the Supreme Court has stated that the executive branch is meddling in court affairs.

Speaking to journalists, Supreme Court President Carlos Solorzano said: This constitutes an uncivilized and unconstitutional interference by the executive branch in court affairs. I will uphold the independence of the judicial branch and continue with the penal trial.

He added: In compliance with the law, I will do everything in my power not to allow the violation of constitutional measures safeguarding the independence of government branches.

In general, all Ecuadoran social sectors have been requesting that the president repeal the decree naming him sole custodian of the microfilms.

The microfilms are being kept in the Ecuadoran Central Bank vaults. Ricardo Munoz also reported that one of the checks issued against the discretionary funds of the vice president's office was for the amount of 900 million sucres, that is, $335,946. He added that this amount was used for an international transaction that was of national interest.

Munoz said: I audited several checks and one of them caught my attention because of the large amount involved. Later, the vice president informed me that it was used for an international operation. As before, Munoz said he does not remember the name of the person to whom the check was issued.

This is how the Ecuadoran people's money is handled.

Congress President Swears In Bank Superintendent

PY2510112595 Quito Voz de Los Andes in Spanish 1700 GMT 24 Oct 95

[FBIS Translated Excerpt] A few minutes ago Congress President Fabian Alarcon swore in (Mauro Entriagodon) as new bank superintendent, to replace Ricardo Munoz Chavez

(Mauro Entriagodon) was elected for this post by the Ecuadoran Congress last night, and the swearing in ceremony was held in the Presidents Hall of the National Congress Building. [passage omitted]

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Paraguay

Wasmosy Chides Countries for Nonpayment of UN Dues

PY2510174795 Asuncion NOTICIAS in Spanish 25 Oct 95 p 2-3

[By special correspondent Alberto I. Ledesma]

[FBIS Translated Text] New York—With a clear and brief address that dealt with the current political situation in our country, President Juan Carlos Wasmosy addressed the UN General Assembly on its 50th anniversary. The chief of state indicated that Paraguay currently has the satisfaction of experiencing a full democracy after a period of darkness that has happily been overcome. He expressed the will of his government to accept the obligatory jurisdiction of the International Court of the Hague. He also made a veiled criticism of those countries that place the United Nations in danger because they do not pay their dues.

Before an audience that included the presidents of member countries of the United Nations that were recalling the 50th anniversary of that organization, which is currently suffering a serious economic problem that is even threatening its existence, Wasmosy outlined an optimistic and encouraging panorama of the political that our country is currently experiencing.

"Paraguay is currently experiencing the full exercise of democracy, with complete freedom and respect for human rights," he said, and he added that this political situation was achieved after a period of darkness that "has happily been overcome after the free elections that placed a civilian in the presidential chair after nearly 50 years."

He reaffirmed his government's commitment to consolidate "democracy increasingly in the country and comply with the ideals and principles of the Constitution."

Referring to the internal management of our republic, he officially announced the willingness of his government to accept the obligatory jurisdiction of the International Court of Justice of the Hague with regard to other countries that assume, or have assumed, the same obligation for all those controversies of a legal order.

He said that the appropriate declaration will be formalized and submitted as soon as the congressional aspects that are demanded by our country's Constitution are finalized. He stated that his decision is based on the desire of the main Paraguayan political forces.

He stated that he accepts International Public Law as a part of his national legislation, and that he recognizes international law as the last instance for the peaceful solution to the conflicts that could arise.

"In view of our permanent and entrenched pacifist vocation it has been decided to contribute once again in helping to put an end to the scourge of wars and to cooperate with the peaceful solution of conflicts," he said.

Highlighting the importance of the functions of the United Nations in seeking the implementation of the ideals for which it was founded, the Paraguayan president urged his colleagues to continue with their financial support. He also made a veiled criticism of those nations that have been owing the United Nations for some years now.

"All countries have the obligation to support and contribute to the financing of the United Nations. It is inconceivable that it is not given the necessary support to carry out its job. Countries large and small have the same obligation to render the necessary means so that it can comply with its commitments," he said in an energetic tone of voice, and he then gave our country as an example: "Paraguay is up to date with its obligations."

Peru

President Denies Fighter Aircraft Purchase

PY2510154295 Madrid EFE in Spanish 1824 GMT 21 Oct 95

[FBIS Translated Excerpt] Lima, 21 Oct (EFE)—Peruvian President Alberto Fujimori today ruled out the idea of purchasing fighter planes, adding that it "would be madness."

Fujimori told "Radioprogramas del Peru" network that rumors that his government would make such a purchase "are just that: Rumors without any basis whatsoever, which I reject categorically."

According to the ruled out report, Peru reportedly negotiated the purchase of a fleet of 12 Russian-made MIG-19 aircraft.

He said: "What would we buy those planes for? It would make no sense, especially now that we are in a period of relaxation. If contacts existed it is because some weapons seller came and talked about it independently."

Fujimori added: "It would be madness to do so and I would not allow anyone to talk to me about something like that, which would imply an enormous expenditure of some $500 or $800 million."

Referring to the peace negotiations with Ecuador, Fujimori said that they are moving "well," adding that they will be strengthened by the visits of his Ecuadoran counterpart Sixto Duran-Ballen and Foreign Minister Galo Leoro to Peru soon.

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The visit of the Ecuadoran president will be possible now that Andean Pact countries have agreed to advance to March 1996 the next presidential summit of that integration organization which will help Duran-Ballen travel to Peru to consolidate the peace process.

Fujimori said the meetings between the Peruvian and Ecuadoran foreign ministers at the recent presidential summits and at the UN assembly, have helped "pave the way" for the visits of Duran-Ballen and Leoro. [passage omitted]

Lack of Time Impedes Regionalization Program

PY2510190695 Lima EL COMERCIO in Spanish 5 Oct 95 p A4

[FBIS Translated Text] The country's decentralization, which entails the creation of regions based on the unification of the current departments and the election of their respective authorities, will not be implemented this year although it is stipulated in the Constitution.

Samuel Matsuda Nishimura (NM-C90 [New Majority Change-10]), president of the Decentralization Commission and third vice president of Congress, categorically stated this yesterday.

After noting that no pilot unit will be set up, Matsuda said that "it will be impossible to start the country's regionalization process this year."

This is due to the impossibility to fulfill the eighth transitory measure of the Constitution that in one of its paragraph states:

"Congress must approve the appropriate laws to implement the constitutional provision."

The following have priority precedent:

1. The decentralization provisions and, among them, those that provide for the election of new authorities no later than 1995.

Matsuda says he is in favor of starting the process, at least with the creation of three pilot regionalization units located on the coastline, the mountainous regions, and the jungle.

Matsuda believes that those who drafted the Constitution (among which is him) made a mistake by choosing the year 1995 as the ceiling date to start the decentralization process.

He admitted that "it was not a realistic date."

Matsuda commented: "I have a schedule of all the steps that must be taken to call elections. There are 14 steps and it will be impossible to complete them by December."

He said that it would be an even greater mistake to try to fulfill all the steps in a hurry, merely to meet the deadline. Matsuda added that a prudent amount of time to implement the pilot units would be at least one year.

"We want to do things seriously," he said as he reiterated that, in the meantime, the current regions will continue to be administered by the transitory councils, whose presidents' will be elected by the government.

"The political aspects and the responsibility is what is really being taken into account in this issue. We never look forward. The decentralization and regionalization process must be democratic, not imposed from the top down but rather from below upwards. This is established in Article 190 of the Constitution. The regions must be established first by the peoples' mandate and initiative."

Therefore, he maintained, that before electing regional authorities, there must be a framework law containing the referendum laws and the Regionalization Guidelines.

He regretted the fact that most people want the current departments to become autonomous regions.

Analyst Views Political Sector, Dictatorships, Democracy

PY2510200295 Buenos Aires TELAM in Spanish 1807 GMT 21 Oct 95

[Report by unidentified correspondent]

[FBIS Translated Excerpt] Montevideo, 21 Oct (TELAM-SNI)—Hernando De Soto, a Peruvian political analyst, stressed today in Montevideo that democracy will definitively be installed in Peru as long as it is a dominant and top priority national desire.

De Soto, who heads the Freedom and Democracy Institute of Peru and who wrote the book The Other Path, told TELAM-SNI in Montevideo that democracy in his country was and continues to be a process to elect dictators.

He stressed: "Peruvian elections are a process to elect a dictator. The difference is that now instead of a political party winning, a man called Alberto Fujimori wins."

He indicated that, in Peru, it is a historical fact that as soon as a government is installed "we have a de-facto dictatorship."

De Soto said: "The difference is that the dictatorships were managed by political parties and power was distributed among some 300 persons, but now power resides in the hands of the president."

The political analyst stressed that "Fujimori clearly governs Peru and it is the president who supervises the Army, not the other way round."

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He admitted: "The Army is a fundamental pillar of Peruvian politics today," adding: "As there are no political parties in Peru today, Fujimori leans on the institutionalism of the Army."

De Soto said he is a friend of the Peruvian president, and recalled that he worked for him once. He indicated that Fujimori emerged because "Peruvians became very fed up" with the political system in force up to 1990.

"Fujimori is no Thomas Jefferson, but he is essentially a pragmatic man," De Soto said, adding: "The Peruvian president responds to the popular will and he touches on the most sensitive points, which do not include those aspects intellectuals consider to be the most important, but they are urgent points for the people."

He insisted: "Democracy will be installed in Peru if it is a top priority and a dominant national desire."

It will be then that Fujimori "will democratize the country," not because "he has the vision of a democratic Peru, but because he knows what the people want."

Regarding the places of writer Mario Vargas Llosa and former President Alan Garcia in Peruvian society today, De Soto said: "Both are unpopular, but for different reasons." [passage omitted]

The Peruvian analyst said former President Garcia is unpopular in his country today because, among other things, "the whole government had him under the microscope and even now he has not been tried to prove his guilt or innocence."

He added: "Obviously there are reasons why Garcia should be brought to a fair trial."

De Soto said the question is whether "Peruvian institutionalism grants sufficient guarantees for the trial to take place."

Venezuela

EU To Increase Cooperation By $5 Million During 1996

PA2510155095 Caracas ECONOMIA HOY in Spanish 19 Oct 95 p 2

[Report by Ana Carolina Griffin]

[FBIS Translated Text] Yves Zaragoza, adviser of the EU Commission, commented during a meeting between European and Venezuelan nongovernmental organizations [NGO] that inconsistencies on Venezuela's macroeconomic figures showing a country with the highest per capita income in Latin America and its social realities, are the main obstacles encountered by the EU delegation in Caracas when it comes time to negotiate financial assistance for the country.

According to figures disclosed by the European delegation in Caracas, next year the EU will be earmarking $20 million for Venezuela to be used primarily in funding development projects. The amount earmarked for 1996 will exceed the amount transferred in 1995 by $5 million.

Zaragoza commented that, "It is difficult for Europe to understand how a country with the highest per capita income in Latin America can have an 80-percent poverty rate and is now reaching a social situation which is more critical than that of Bolivia."

The EU Commission adviser explained that the delegation's strategy while in the country has been to encourage meetings between Venezuelans and Europeans so that this country's true reality can be made known at the EU Commission headquarters in Brussels which is something that cannot be accomplished with economic indicators.

Most of the cooperation projects with Venezuela approved by the EU are intended for the struggle against poverty.

EU Representative Orlando Paleo agreed with Zaragoza on the difficulties the European Commission is confronting in its efforts to convince the international community of the state of social deterioration the Venezuelan people are going through, a situation that has direct repercussions on decisions adopted by the international financial community when the time comes to approve development loans.

Venezuela has been the main recipient considering the number of projects funded by the EU this year, not so regarding amount of funding, since Brazil leads the list of countries.

During the past five years EU cooperation toward Venezuela has increased 10 times, a fact which Orlando Paleo attributes to efforts carried out by local organizations, as well as awareness at the EU headquarter with respect to the situation in Venezuela.

"During the year 1995 we intend to continue supporting the growth of projects a fact represented by the nearly $2,750,000 granted to Venezuelan NGO's by way of financing."

According to figures released by Socsal [expansion unknown], approximately 2,000 NGO's are currently operating in Venezuela, of which 21 percent are involved in education and training projects; 18 percent involved in childhood and youth issues; 15 percent in household economy; and 13 percent in community projects.

Most of the country's NGO's are located in the central part of the country where they are very organized, while

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those located in the southern part are more disjointed and disorganized.

Thirty-two percent of funding of Venezuela's NGO's originates from private donations, 27 percent from contracts with the public sector; 18 percent by providing social services; 12 from productive activities; 9 percent from financial management; and 2 percent from public donations.

Orlando Paleo commented that the EU's commitment during this meeting—which assembled 25 NGO representatives from the EU and 100 from Venezuela—is simply to outline the objectives the organizations present are able to define.

Finance Minister Reports Deficit Reduction Plan

PA2510135495 Caracas Venezolana de Television Network in Spanish 1545 GMT 19 Oct 95

[Report by Hector Mateus]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar has reported to the Congress Finance Committee, on the various proposals he has presented to multilateral organizations in the framework of what has been called the Venezuela Agenda.

He spoke optimistically about the Agenda and in reporting the talks he held with the IMF and the World Bank. He confirmed the government's decision to reduce the fiscal deficit by four percent in 1996 and two percent in 1997 and to have a balanced budget in 1998. He also reported on the government's will to implement other policies that should contribute to reduce the fiscal gap.

[Begin recording] [Matos] We have our own proposals on how to reduce expenditures. There is a budget that has been presented to Congress. The expected income figure there was deliberately calculated low or estimated guardedly, and this is also a form of reducing expenditures.

In the talks with the IMF we have not considered, for example, income resulting from privatizations and we are seeing that several enterprises will be privatized by the end of the year, something that will be accelerated next year, and this will generate revenues for the treasury.

There is also the goals of the Integrated National Service for Tax Administration [Seniat]. This year Seniat will have a yield 10 percent above what is established in the budget and we believe that by 1996 a 20-percent-above-budget yield is a reasonable goal.

[Unidentified speaker] We think the minister must present the total adjustment bill, the economic policy program. He says there is an economic program. I believe there is not. I believe there are contingent measures such as the one about the expenditures reduction in 1996 he has mentioned, which is a fallacy. He is creating an absolute deficit budget and this will be revealed next year. [end recording]

Matos also spoke about the restructuring of the Deposit Guarantee and Banking Protection Fund and the Bank Superintendency despite the fact that multilateral organizations have acknowledged the improvement made by the Bank superintendency.

Controls on Obtaining Foreign Exchange Viewed

Government Issues Decree

PA2610043595 Caracas EL UNIVERSAL in Spanish 23 Oct 95 p 2-1

[FBIS Translated Text] This is the text of a decree carried by the GACETA OFICIAL on 19 October:

Article 1—Requests to obtain foreign exchange to pay for imports, if the corresponding currency conversion liquidation has not been requested at the Central Bank of Venezuela by the date of publication of this decree, shall be paid for as follows: Thirty percent after the shipment has been cleared and the balance in two equal portions 90 and 120 calendar days, respectively, after the import taxes have been paid. Imports whose currency conversion liquidations have not been made but whose taxes have been paid by the date of publication of this decree will have their currency conversion liquidations made according to regulations in force at the time the corresponding authorization was issued.

Article 2—New authorization requests and those for currency conversion liquidations approved for the payment of imports will be assessed, and their processing will be treated with the relative priority resulting from the application of the criteria to be established by a commission consisting of representatives of the Finance and Agriculture Ministries and the Foreign Trade Institute.

The Finance Ministry will report these criteria to the Foreign Exchange Administration Board [JAC], which will instruct the Foreign Exchange Technical Office to process the authorization requests after studying them.

The foreign exchange requests approved after the date of publication of this decree will be liquidated according to the scheme defined in the previous article.

Article 3—JAC and the Central Bank of Venezuela can authorize liquidation schemes, different from that established in this decree, for imports of goods declared as of prime necessity and raw materials used in the

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manufacture of products whose prices are regulated by the executive.

Article 4—The sale of foreign exchange to pay for imports for amounts lower than $5,000 and imports made through the Latin American Integration Association's Agreement for Reciprocating Payments and Loans will not be affected by this decree.

Article 5—All foreign exchange standards contrary to this decree are hereby declared null and void.

Business Sector Reacts

PA2510125695 Caracas Venezolana de Television Network in Spanish 0200 GMT 20 Oct 95

[Report by Melisa Soto; from "The News" newscast]

[FBIS Translated Text] The business sector has reacted in a negative way to the presidential decree on the exchange rate. They believe that the mechanism that authorizes foreign exchange for imports poses difficulties such as the direct impact on prices and a more rapid devaluation of the bolivar.

[Begin recording] [Soto] According to Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] representatives, this new option will generate corruption and distortions in the area of supply.

[Fedecamaras Vice President Aurelio Conchenso] The effect of not authorizing foreign exchange at this time will obviously have an impact on prices because importers will have to obtain foreign exchange in the [word indistinct] market to compensate for the 70 percent that are not being authorized by the state.

[Soto] The immediate impact, however, will be felt in the price of goods and services because importers will have to negotiate new terms of payment with their suppliers.

[Pedro Carmona, president of the Venezuelan Council of Industry] The problem is the uncertainty that it poses. For example, if only 30 percent is authorized at the current exchange rate, and the exchange rate in 120 days is not known, it is evident that the producer cannot decide what will be the price [words indistinct].

[Soto] On Thursday, the Venezuelan Oil Chamber warned of the difficult situation facing this sector, which will not improve with the implementation of this decree.

[Venezuelan Oil Chamber President Miguel Bocco] It is still the same problem as before. You still have to pass through a system of foreign exchange authorizations. That alone makes it inconvenient.

[Soto] They propose, in addition, that the solution to the economic problem we are experiencing is in the reactivation of the productive capacity because it is the only way we will have the resources to meet the needs of the country without resorting to imports. Bocco also stated that because of the exchange rate control, many companies have stopped perceiving benefits, which means that sooner or later they will have to shut down. He warned that the Treasury would lose 15 billion bolivares as a consequence. [end recording]

Official Faces Charges of Illegal Enrichment

PA2510135395 Caracas Venezolana de Television Network in Spanish 1545 GMT 24 Oct 95

[Report by Beatriz Hernandez; from "The News" newscast]

[FBIS Translated Text] At the request of the Prosecutor General's Office, Antonio Corrales, deputy minister of transport and communications [as heard], will be impeached by the Superior Court for the Protection of Public Property [TSS] for alleged illegal enrichment.

[Begin recording] [Hernandez] Comptroller General Eduardo Roche Lander was the first to warn of these alleged irregular incidents, when he revealed that contracts were supposedly being awarded to a few companies and that public bids were being anticipated and evaded. This situation prompted the TSS to impeach Corrales.

[Roche] This court has already intervened because it has ordered the investigation and in due time Corrales will be called to testify before this jurisdictional order.

[Hernandez] The case could also implicate other officials from that ministry. Although the TSS did not, of course, want to comment on what strategy they will use to investigate Corrales, it was learned that the affidavit of his assets does not seem to match his lifestyle. [end recording]

Corrales has stated that he has taken on debt just like anybody else and that he would be willing to resign for the sake of the administration.

[Begin Corrales recording] I have kept my superiors informed on all the events regarding this topic and I would be willing to contribute whatever it takes to improve the administration of President Rafael Caldera. [end recording]

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Roundup of Economic Developments Through 25 Oct

PA2610042995

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 25 October.

Lagoven Inc. increased by 50 percent its production at nine oil wells in Morichal, Monagas State. Up to March 1995, average production for these nine wells was 370 barrels daily [as published], which has now increased to 450 barrels daily [as published] (Caracas EL UNIVERSAL in Spanish 17 Oct 95 p 2-9)

According to an 18 October, Caracas-datelined item, the Central Statistics and Data Processing Office has announced that Venezuelan exports increased by 4.7 percent, up to $375 million, in September compared to the month of August. From January-September 1995, exports amounted to $3.426 billion, a 6 percent increase compared to the same period in 1994. (Mexico City NOTIMEX in Spanish 1743 GMT 18 Oct 95)

The Monetary Stabilization Bonds, TEM, have cost the Central Bank of Venezuela 125 billion bolivares. Up to mid-October, TEM's worth 1.494 trillion bolivares have been sold, of which 326 billion bolivares in TEM's are in the hands of commercial banks. (Caracas EL NACIONAL in Spanish 18 Oct 95 p E-3)

Finance Minister Luis Raul Matos Azocar has announced an upcoming investment of $200 million by a foreign financial group in Venezuela. Matos Azocar has said Venezuela has presented the IMF an estimated fiscal deficit of 750 billion bolivares, but the IMF has estimated an additional fiscal deficit of 100 billion bolivares. (Caracas EL NACIONAL in Spanish 19 Oct 95 p D-2)

During the first half of 1995, Maraven contributed a total of $1.3 billion (221 billion bolivares) to national income, and its profits increased up to 355.5 billion bolivares, a 62 percent hike compared to the same period last year. Net profits amounted to 37.909 billion bolivares. (Caracas EL GLOBO in Spanish 20 Oct 95 p E-8)

During the first half of 1995, the Venezuelan Investment Fund revaluated investments in its affiliates for over 1.478 billion bolivares, reaching a total of 69,379,385,000 bolivares. (Caracas EL UNIVERSAL in Spanish 20 Oct 95 p 2-1)

According to a 24 October, Caracas-datelined item, Development Minister Werner Corrales has announced that Venezuela's private sector debt with Colombian creditors had declined by $30 million to its current balance of $11 million in just a few months. He added that this debt had generated tension and unease in Colombian commercial sectors that have claimed trade relations between both countries could be affected by this outstanding debt. The obstacles of Venezuelan importers to honor foreign obligations began when exchange controls were implemented in June 1994. After initial obstacles most of the problems were overcome, the flow of currency normalized, and a significant portion of the debt has been canceled. (Madrid EFE in Spanish 1443 GMT 24 Oct 95)

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